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But under sales and income tax it is different. So what we are experiencing today is the necessity of adjusting rates which by the way is exactly how our system was intended. Nebraska has the unique system of adjusting rates to raise the amount necessary for a budget. Many states, as you know, where they have a fixed rate they run substantial and large surpluses and to some extent are better able then to respond to at least short shortfalls in revenue. But that too is not working for other states and they are in a similar situation of making cuts as we have done, increasing receipts as we are doing in order to provide the stability of revenue that the state government needs. I can stand up here and I assume there will be comments made that this is not necessary to offer, and I would agree that the Board of Equalization set the rate that is necessary based on cash flow, not on appropriations. But I am also willing to cast a vote in support of adjusting that tax rate by half a percent come May 1 because I recognize that there is no alternative. We are going to end up in the vicinity of a \$50 million shortfall by June 30th and even if state government was to go out of existence on June 30th, we would be faced with the requirement of finding \$50 million to come out even. So it is not a budget issue. It is totally a revenue issue in response to the economy and the type of tax system we established in 1967. We could argue that the models that are used for predictions or those who have done the work are wrong, and strangely enough the models apparently still indicate that we should not be experiencing the shortfall that we are, and that is based on the national economy, but it is occurring, with that there is no question. We could argue that something different should have been done earlier. I certainly could argue that had the body adopted a motion in the Special Session that the problem would not be as bad as it is today and many of you supported that. But we were wrong too. That would not have been enough. It is true it would probably not been as deep today or as bad but the problem would have still existed and the solution would have been the same today even though we would have acted somewhat differently in November. Again, as I indicated in '75-'76 we had the same occurrence, a Special Session in '75, reduced the budget by 3 percent in select places, in May and June that year we were transferring funds between... transferring money between funds which is well documented and those that were on the Appropriations Committee which I was not in '76 there are on file reports that were made then documenting those transfers that had to occur and it was necessary in order to pay bills. Then by August of '76 with further deterioration, the Board of Equalization because rates were down, receipts were below 10 percent of estimates, they had to raise the sales and income tax both

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