

October 30, 1981

be raised. A large majority of citizens in the state share my views, and I am sure that a heavy majority of you Senators also agree on the need for fiscal soundness. I personally visited with most of you just prior to this session call. Senator Schmit's immediate response on the telephone was typical. He said, Governor, since last July 1 livestock values are down two hundred million and all farm commodities are down a billion dollars. So cutting state spending by 3 percent is in order. And so we must do what is necessary and as your wise Budget Chairman, Jerry Warner, cautions, carefully and I add with dispatch. The Department of Revenue will fully share with you all of its current data on tax receipts and projections for the future. Revenue projections have been much in the very recent news in some quarters. In the morning Lincoln Star Jim Joyce wrote an excellent article in which he reported as follows: "I haven't heard these rumors since June", quoting Budget Director, Don Leuenberger, adding that they are as invalid today as they were then. Leuenberger recalled the projections were the subject of considerable debate among the Governor's staff and the Revenue Department. However, he said the debates were not about any orders to doctor the figures but rather assumptions that went into the projections. The projections released Thursday will be given to State Senators and by the way they will be here yet today when they convene in Special Session to consider the Governor's cut of the budget by 25.4 million. I should have said Friday. Leuenberger said that they substantiate the Thone administration's claim that income tax collections have fallen drastically below last June's projections. Other revenue areas, however, are basically in line with what the state revenue forecasters predicted in their state report to the Equalization Board in June. Those areas, he noted, were cited by some critics, such as State Senator Steve Fowler, as being unrealistically inflated. The income tax collection figures also took national forecasters by surprise, he noted, adding that for the rest of the revenue areas we have a history to show what we said was right. Like many of you, I have a great deal of respect for the integrity of our fine Budget Director, Don Leuenberger. Don Stenberg, who is an attorney in the Governor's office, was also mentioned in some of these reports. Don has issued an open letter and I will read it so it is in this legislative record. "I would like to take this opportunity to respond to the unnamed sources in the Revenue Department who have been getting good press lately. I have oftentimes privately taken exception to revenue projections made by the Department of Revenue staff. On one occasion in the fall of 1980, I worked closely with former Deputy Tax Commissioner, Gary Chunka, in convincing the Revenue Department that they were underestimating revenues and that a tax cut was in order.