

October 30, 1981

Eventually the Department reconsidered its projections and the State Board of Equalization under Governor Thone's leadership was able to cut the tax rates. In June of 1981 the Department of Revenue prepared projections that failed to include a provision for the extra revenue that would be generated by increased interest and penalty provisions included in a law passed by the 1981 Legislature. I strongly insisted that a provision be made in the projection to take this into account. The Revenue Department did eventually increase its projections of sales and corporate tax receipts to take this factor into account. The adjusted projections of sales and corporate taxes have been very accurate and, in fact, actual receipts in these categories have exceeded the revised projection. The projections by the Revenue Department for individual income tax were not adjusted in any way in June and it is those projections which have proved to be too high because the economy has been worse than the Department projected." The letter pretty much speaks for itself, and so much for that last minute smoke screen. Now let's get to work. The good news is this, that the Nebraska economy should bounce back about July, August and September of next year. The budget office will continue to work with each and every one of you at your request. Needless to say, I am also willing to work and cooperate with you on this and any other matter of rightful legislative concern. But let me emphasize this, loud and clear, and as plain and as direct as I can that as a long time Unicameral watcher, I don't favor special sessions. I have enunciated my position on that many, many times. They are often bad news for Nebraska. But here we are meeting at my call and I assure you it was done after a most serious review and for most compelling cause. I am respectfully asking you for this \$25 million cut in spending. That cut is doable without disrupting any necessary services for Nebraskans. It is well to keep in mind that state spending has skyrocketed in recent years. Your full cooperation on now cutting it a little is warranted and essential in the interest of good government. Speaker Marvel will shortly introduce on my behalf detailed proposals in the form of a legislative bill to reduce current appropriations by \$21.4 million and to lapse \$4 million in cash funds to the General Fund. This action is made necessary as I have indicated by current and projected revenue shortfalls, occurring substantially in personal income tax receipts, and by revenue loss, also in personal income tax receipts, attributed to the recent personal federal income tax reduction. Let me emphasize this...there was some discussion on the floor this morning, we are not asking that you rubber stamp each and every proposed cut, but that you carefully review the entire bill and work your will on a final budget cut bill. It is no news to any of you that predicting the future, and in this