

have received is a summary of what I am proposing on the first sheet. The second sheet is the latest revenue projections that we were provided, some of which, as you notice, were verbally collected over the phone. Preliminary for '82-'83, and I want to start with that because that is the dismal picture we need to look at, there are those who believe the economy is going to become worse and I would agree that anything I hear or read indicates that, too. So the question is not whether we are going to have or the state is going to have a difficult time next year, the question is how difficult do we want to make it. The projections based on three and fifteen, as you will see, shows a zero percent increase in receipts. A range of seven tenths of one percent less to seven tenths of one percent more, that average is zero. If you go to sixteen percent rate, that would collect at current estimates \$10,024,000. The revenue loss through June 30th, the revenue reduction because of the change in the federal tax base actually is estimated to be \$12.7 million so what I am proposing does not eat all that up. It only replaces eighty percent of it. When you look at the proposal, the current appropriation bill carried an appropriation of \$7.4 million of cash funds. The proposal of LB 8 would add another six. That is \$13.4 million. Cash funds, as you all know, when used too heavily is a one time use that the following year you automatically pick up the need to replace them with general fund money. An example of that would be in the case of the Department of Institutions in which LB 8 carries the proposal to reduce the general fund by \$2 million and increase the cash fund or leave the cash fund as it currently is which is \$2 million but the same request from the Department automatically increased their request for that \$2 million in next year's budget. So it isn't whether you are going to spend it, it is which year. Now my overall position is that if the state is going to maintain some level of stability to tax rates based upon the same figures that all of us have access to, by adjusting that rate to sixteen which is what we have done at least six or seven times in the last fourteen years automatically when federal government changed their tax base to preserve approximately the same level of revenue, in all probability we will be able to stay with that rate not only through '82, but I would suspect possibly through '83 but still making substantial cuts in requests because inflation doesn't appear to be giving us that much relief. There are those who would suggest there may be other revenue sources, and when you look at the sheets based on fifteen percent rate, one of the obvious things that jumps right out at you is that next session because of the change in the federal base I am sure we will enact legislation that adjusts the corporate income tax to return the receipts somewhere at least equal to if not greater than they would