

belt as well and I think it ought to be our effort to try and spread the burden, to share the burden across the levels of government in this state so that we all pull in our belt a notch or two, that we all have to try and make some savings and encounter some budget cuts but not to the degree we are trying to impose on state agencies which I think is too much at this point and would be disruptive to their operations but a one percent for state agencies and a one percent for our local governments would seem to be reasonable and that is the proposal in the amendment that will be proposed following the Warner amendment that you will consider. That to me is a much more viable alternative and I would oppose the Warner amendment and oppose LB 8 in its original form.

PRESIDENT: The Chair recognizes Senator Lamb.

SENATOR LAMB: Mr. President, members of the Legislature, I rise to support the Warner amendment. I think probably most of you know that I may be one of the more conservative members of the Legislature. I am practically always in support of proposals which cut taxes, which cut spending and my position has not changed on that point. However, at this point after being down here a couple of days and seeing a lot of numbers circulated, I see the responsible position as represented by Senator Warner's amendment. One of the main factors I think in support of that amendment is the fact that Senator Warner does not lapse cash funds. As you and I know, that is merely a bookkeeping procedure. That is not cutting spending. That is not cutting taxes. It is like taking money out of one pocket and putting it in another one. Now what will happen if we do lapse those funds is that next year we are building ourselves a problem. We lapse them this year. We have already lapsed them at the beginning of this fiscal year so we are just borrowing from next year. So in my opinion lapsing cash funds is not a viable solution. The \$15 million reduction which is indicated by Senator Warner's amendment is agreeable to me. Basically it is not too much different from the amount actually in the Governor's original proposal as far as cutting spending, but when you get up to that \$25 million by doing such other things as lapsing funds which are not spending reductions. So under the Warner amendment we admittedly would increase the income tax rate. We would not significantly increase income taxes because of the five percent reduction in the federal income tax rate which occurred October 1st. It would be practically a stand-off. It would be the responsible way to go. It would not build us a problem for next year. I hope you can support the Warner amendment.