

November 4, 1981

L.B 8

in the personal property tax exemption aid. As you all know, we had long debates last year on the \$70 million and how that was distributed. Five percent of that \$70 million is \$3.5 million. When you start dividing that out to the burden that each political subdivision must bear, what proportion that is to their total budget, it is a very, very small portion. And it is our feeling that the local governments should be called upon to do the same thing that you and I are doing here today and that is to conscientiously review in an emergency situation their expenditures so that they are going through the same process that we are going through and so that the funds that are siphoned to them are reduced in proportion, in proportion, to the reduction in expenditures for state government. The Cash Fund Lapses, item H, are the same under both proposals. So in summary what we are doing is changing the Governor's reduction to the state agencies by two percent and making that up by a million dollars in homestead exemption and by \$3.5 million in personal property tax aid reduction. The final line again leaves us above the three percent reserve, a little closer to that three percent than the Governor's proposal would have left you, but again the bottom line is that it is an alternative for your consideration which does not require a tax increase, which we think eliminates a great many of the excess funds that we have, the cash funds and the capital construction deferrals, while at the same time spreading out the burden where it really hurts between the state agencies and the local political subdivisions and that is the basic proposition. Thank you.