

spell its doom. And, as it turned out, as the effort on the petition drive was initiated and successful in placing that referendum issue on the ballot to repeal it, the biggest issue among the voters of this state was a sales tax increase and the property tax reduction tied into it and it spelled the doom for LB 662. And so today we stand without the school reorganization that we came within a hair of seeing finally adopted and taken care of in this state. And so, although I respect Senator Schmit in his arguments about the need for revenue perhaps in the long term to meet the obligations we're undertaking with this piece of legislation, it is certainly the case that in the short term we have the financial wherewithal to proceed with this legislation without the amendment he is offering. I also suggest that as we proceed in considering this legislation there is room for a great deal of negotiation and compromise to look at it in light of other priorities and other spending measures and consider as we move this bill forward, which I hope we will be able to do, that as we put it on Final Reading with the other bills that are pending and as we look at the budget process and Appropriations recommendations that we will sit down and consider what our options are. And it may, in fact, be the case, as Senator Schmit is considering, that this amendment will be necessary for this bill. I'm not saying that on Final Reading after we look at everything and we examine the full issue and the full budget picture that it may take some sort of an adjustment in the tax rate to fully fund this. But I certainly think, from the information we have right now, I can't see that justification. I can't see with \$300 million in our reserves, in our surplus, that we can't afford and pay for this piece of legislation at least in the near term and meet its obligation. I think the long term obligation involved has got me concerned and I think we are legitimately going to have to discuss all the measures before us and in light of our commitments and our ability to meet those commitments. But, at this point, I think it dooms this piece of legislation, just as I thought LB 662 was doomed with the amendment. I think you put a sales tax increase on this, as far as I'm concerned, I won't support the bill. And I think there are others like us on the floor. I can't see how we can justify going back to the taxpayers of this state after we have had the income tax increase that we have had. That's now accumulated along with an economic recovery, a two hundred and forty some million dollar Cash Fund, that's supplemented by a \$50 million Cash Reserve Fund and with prospect again for increased revenues coming in above projections and to go back and say it's still not enough,