

SENATOR WARNER: Madam President and members of the Legislature, thank you, Senator Hall. Just a brief explanation of LB 1 and as well as the reason that...the course that we are called here into special session. As we all know, the result of court decisions, of increases in Medicaid costs, of changes and projections for revenue, that together with the court decisions, that the state would be faced with a potential \$233 million shortfall of revenue and expenditures as it is currently projected. And we're in the position then to meet that shortfall in two or three, probably three different ways, one of which, of course, would be a reduction in appropriations. That's has lots of appeal, obviously, but also some very real difficulties. A portion of this 233 million is 100 million of...or 97 million, actually, of a one-time expenditure and the elimination of programs or agencies for a one-time cost creates some unique problems. We also need to give some thought to the fact that during the regular session of '92...or '91, rather, there were reductions made in the operating cost, 3 percent cut through the appropriation bill. Just a few weeks ago we made another cut together with the utilization of a variety of Cash Funds and other things that was done in that session to partially fill the gap. And the point is that while we would probably like to make speeches how we're going to fill that gap of 233 million with budget reductions, it's my opinion that just simply isn't going to be possible unless you want to make substantial cuts in aid to local government and shift that cost over to property tax or real property tax and I don't think that's a viable option, although it's obviously one that will be a part of the mix to make up this gap. Another option, and you will have a chance to discuss that legislation because of a bill that was advanced, is simply an increase in sales and income tax rates, and with those two there will be at least a partial raise in their funds to fill the gap. LB 1 then becomes a third alternative which imposes five different taxes for a one-year period, including the depreciation surcharge which I should point out is a concept that was used in previous legislation but it's not particularly unique. We have been led to believe, I think, that this exists...this form of taxation only exists in Nebraska. In fact, there are at least three other states that have some form of...on their income tax relating to a charge or a tax imposed on depreciation. Those three states are Florida, Ohio and Virginia, not exactly the system here but there is nevertheless a system in place. The other additional fees or taxes that would be utilized to partially fill this gap is a surcharge on corporation tax, a one-time increase in the...or