

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

March 22, 2006 LB 968

today's green sheet. This shows us where we are with respect to our financial status right now. Behind it, and I will get to these in a minute, but behind it is a sheet that makes the assumption that we have \$10 million in A bills and then we have the tax package as written. And I want to go back and forth between these two sheets to show you what happens if we adopt the tax package in its entirety. But the first thing I wanted you to notice on the green sheet, at the very bottom, in the right-hand corner, it says \$326 million-plus, that is the size of the Cash Reserve Fund that the Appropriations Committee adopted. It is, as you will note off the bat, \$170,000 (sic) or more, less than the ideal \$500 million, but it is the best reserve fund that we've been able to establish so far. Now, let me also point out to you, and I don't know what a good time to do this is, but I suppose it should be pointed out several times that that \$426,000 (sic) reserve fund figure could have been \$426,000 (sic) but you know what we did? At the Governor's request, we transferred \$100 million out of the reserve fund into General Funds in order to be able to fund some kind of tax package, and if you look up on line 13 of your green sheet, the front sheet, you'll see where that \$50,000 a year is added back into our budget for '07-08, '08 and '09. Here's a critical point that you'll need to think about, and I'll go back to it. But that \$100 million that we transferred from the reserve fund is one-time money. It doesn't regenerate itself every year. It haphazardly regenerates itself in good times. But that money is being taken and, instead of being used for its original purpose, which was to smooth over low revenues in bad years, it's going to be used to fund a tax cut. Now, as I understand it, none of these tax cuts are temporary. They're all permanent. So if you fund the tax cut with \$100 million of temporary money, with what, pray tell, will you fund it after those...that money has run out? You have to find \$100 million of General Fund monies someplace else to sustain that tax cut. And then not only do you have to do that but, by virtue of doing that, as times turn bad, as they always will, you don't have...you have that reserve fund being used to fund the tax cut and you don't have the reserve fund to smooth over the low revenues coming from hard economic times. So, in short, I'm saying that a transfer from the reserve fund is a terribly poor mechanism for funding anything sustained that...