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LB 180, 916, 1028

of building Cash Reserve if, in fact, we were building Cash Reserve, but we increased spending \$97 million in the first year of this biennium and we're going to increase spending about another \$250 million in this second year of the biennium. In addition to that, we still have \$160 million in our Cash Reserve over the minimum reserve required. I think that, without question, we can provide further tax reduction to the citizens of this...of this state. And as I indicated, quite frankly, I don't have a preference on how we do that. And so I think that we should look at and consider a half cent reduction in the sales tax. The colored sheet that I handed out earlier, obviously, this is a bit more pricey than the 5 percent reduction in the income tax that I offered in AM4120. It's about \$90 million a year in comparison to \$80 million, so we have to adjust the second year of the biennium \$10 million. So if we do nothing relative to further vetoes or we do not transfer any Cash Reserve into the current biennium, that puts us about \$23 million in the red, if we override the Governor's decision on the LB 180 funds. The most important aspect, though, is that once again we look at the expenditure side of the equation in the out years, as we focus on those. And if we are able, on the heels of a 13 percent increase in spending this year...if we are able to show the restraint at 2.5 percent similar as to we're asking local government, if we were to increase spending at 2.5 percent per year in the out years, the two years in the following biennium, we end up about \$85 million in the red at the end of that biennium, with no change on the revenue side. Personally, I think that's...I think that's manageable. I think that is certainly doable, but for those that might not...might want to see a more positive outlook in the out years, we freeze spending on the heels of a 13 percent increase. And as result, then we go \$78 million into the black in the out years. And so, I would submit that the way we provide further tax reduction to the citizens of the state is by keeping a closer eye on the expenditure side of the ledger. Now as I was at the beginning of the year when I introduced LB 916, I am serious about...about this amendment. I think it is clear, based on the vote on the Suttle amendment, that it's going to be very difficult to generate 25 votes to reduce income taxes further, and I'm disappointed with that. But I think that we can move on this evening, provide additional tax relief to the citizens of the state via the sales tax, the most regressive tax