

April 16, 1973

Committee has already increased my operations suggestions by nearly five million dollars, and coalitions within the Committee and on the floor seem to be forming to add an additional ten to twelve million to my capitol construction request. This total increase of between fifteen and seventeen million dollars, does not recognize, other new multi million dollar expenditures that are presently contemplated in bills initiated by Senators and under consideration at this time. Let me remind you, that under the previous every other year session, it was customary to authorize capitol construction expenditures of between approximately twenty to thirty millions of dollars every two years. During 1971, we approved six million dollars of construction. In 1972 about eighteen million, plus a twelve million dollar field house. My recommendations to you this year were for eighteen million dollars, in addition we have approved a twenty million dollar state office building under special financing. With this in mind, may I suggest to your body, that you now view yourselves as members of a board of directors of the biggest business in the state. We have at least temporarily, the additional funds that I have outlined, do you now further enlarge the scope of the business and commit all or most of the increase revenues to additional spending programs, or on the other hand, do you conserve these funds as much as realistic and prudent, and thereby allow the stockholders in this case the people of the state of Nebraska, a dividend in the form of substantial tax reductions. It seems to me that those are your choices. I recommend the latter course, since the people are already carrying a heavy burden, at the national, county and city level, especially on income and real estate taxes. In addition to the increased revenues that I have announced in collections, we must consider the revenues available from general revenue sharing. Many spending ideas and many spending ideas are eagerly viewing these federal dollars. As Governor I have suggested conserving most of these funds, for aid to education and property tax relief. The majority of your appropriations committee does not agree, and seem destined to recommend all of these revenue sharing dollars for additional spending rather than any consideration for tax relief. The point that I wish to make here is that the majority of general revenue sharing funds, as originally intended and understood, should be employed to reduce taxes either through aid to education and accompanying real estate tax relief, or by some other means. In my opinion to do otherwise would be breaking faith. Contrary to some statements, revenue sharing is not free money, but funds we must conserve and use wisely. They are tax funds, like any other revenue of Government. Finally, there have been concerns, some of which are legitimate, due to confusion in Washington, which may reduce the flow of funds into some worthwhile programs. We have no reason to believe that all of this will be cleared up before the first of July. As I warned in my January address to you, the state Capitol doors have been spinning merrily by groups seeking state funding to make up for the potential lost in Federal dollars. At this time no one knows for certain, if any Federal funds will definitely be eliminated. Within the last week, one Federal Court has ruled that the President may not impound funds, while another has ruled that the President can not dismantle programs established by the Congress. I want to mention in this regard, that this Governor

(End of Belt #2)