

account that in 1974-75 and I predict this without any hesitation, and the individual tax revenues will be much higher than projected, because I believe that these figures are tied to the 1973-74 incomes which were high but are even higher this year because we make a lot of tax returns in our office and I know what the people are paying in income taxes this year increased over what they were paying in 1973-74 which were high then. They are going to be higher now. In addition to that, due to the tremendous inflationary spiral the same 2½% sales tax is going to raise a lot more money than is projected based on the 73-74 history or record so that we are going to have not less but more money than was projected here and we don't know yet how much. I am not concerned so much about how much tax we pay but we shouldn't pay more than needed and until we know I think that we ought to be cautious as to what we are doing here.

PRESIDENT: Next to speak is Senator Anderson.

SENATOR ANDERSON: Mr. President, members of the legislature, I rise in support of Senator Lewis' attempt to restore the 13% individual income tax rate. I think that in my own mind the basic question here is how honest are we being

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(start belt #4)

with the tax payers of Nebraska in terms of the information that we do have. I don't think that any of us are fiscal experts in the sense of being able to make our own projections upon what tax rate is going to be adequate to fund the needs of the state. But we do have an excellent staff and I think that in this regards we have an obligation to use the information that they have provided us as responsibly as we can. I know that the point has been made by Senator Marvel that these estimates that we have available to us were made on the 15th of November, but I like Senator Lewis did check with the fiscal analyst staff again yesterday to see if there were in their opinions any substantial changes in the revenue estimates that they have made and the indication was no. I know that Senator Carstens has indicated that a lot of farmers are making a lot more money this year and I think that this is something that I have caught in a lot of conversations with farmers is that they are paying more income tax. I think that we have another thing going on and this is that if you read your newspapers this morning, Eaton Company out in Kearney which many of these people are in my district said that they were going to lay off up to 70 people because of energy crisis cut backs in automobile sales. So we have got this specter hanging in the horizon too. I think that in terms of the 11% tax rate, we do have to think about what that 11% tax rate is going to do as far as it affects the first half of FY 74-75. The 11% tax rate is not only a tax rate that is set for this fiscal year but it is also a rate that is needed to raise necessary revenues for the next fiscal year. The 11% tax rate was if I can interpret the figures that have been given us by the fiscal analyst office correctly, it was a surplus reducing rate. This means that for the first half of the next fiscal year we are going to be raising revenue at a rate slower than is going to be spend by a continuation budget or by a continuation budget with those fixed expenditures that we have already