

obligated. This means that this is not an adequate rate, and I think that is a very relevant consideration. I do not think that the year end balance is the only relevant consideration when we are talking about a tax rate that includes the last half of one fiscal year and the first half of the next fiscal year. This leads us to another point and that is that we do have an obligation to the tax payers of Nebraska to consider what we are doing with that budget after or as it affects the first half then of the next fiscal year. We have already seen in actions by the legislature and pending actions by the appropriations committee and decisions that have already been made that we probably have added some 15-16 million dollars to the Governor's budget already. This is a very relevant consideration and does say that the 11% tax rate according to the information that we have is going to be inadequate to fund the states expenditures for all of 1974.

PRESIDENT: Senator Ralph Kelly.

SENATOR KELLY: Mr. President...

PRESIDENT: Excuse me just a moment, Senator Kelly, I might give the line-up as I have here at this time. Senator Kelly, Stahmer, Waldron, Burbach, Marsh and DeCamp. Senator Kelly.

SENATOR KELLY: Mr. President, members of the body, will Senator Lewis yield to a question? Senator Lewis, the board of equalization sets the tax rate in Nebraska. The legislature sets the appropriations and the budget in Nebraska. How long have we been following this system in Nebraska?

SENATOR LEWIS: (mike not activated) to that, since the inception, Senator Kelly, back in 67, the inception of the income-sales tax.

SENATOR KELLY: Weren't we doing that when we were on the property tax too, Senator?

SENATOR LEWIS: I don't know, as a matter of fact.

SENATOR KELLY: We were.

SENATOR LEWIS: OK, I'll accept your word for it.

SENATOR KELLY: We have been for scores and scores of years following this same system of determining what we are going to spend and after we have got that all set then we sit down and figure out what the property tax is going to be and we sit down now what the sales and income tax is going to be to cover that budget. There is a six months spread as you and I both know between these two. Should the figures that you have put on our desk, should they be correct, they would have to be off by that six months anyway. Now the next point is that this system that we have used for so long in Nebraska, when did it become inoperative?

SENATOR LEWIS: Senator Kelly in my judgment, the crisis was started at this time, and it was a lack of considering the expressed obligation. Now if I have an employee who works for me and he has been perfect all of his life and he makes a