

this umpteen times and now we are back to it again. I believe that if we send this bill across with this one percent state income tax increase, we will be sending the wrong signal not only to our own colleagues but to all of Nebraska. They tell me that they do not want a tax rate increase either on the income tax side or on the sales tax side. And so I would just urge you this afternoon to vote against it and get on with some of the other matters that we have before us.

PRESIDENT: Is there further discussion? Senator Beutler, did you wish to speak?

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I guess it is time...it is the time of year for motions to reconsider in large numbers which is fair enough. But I think once again that we have put this question to bed or at least I would like to think that we have put this question to bed. We have gone through a period of two weeks where we have made, what 25, 26 million dollars of cuts, agonizing cuts. Day after day we fought over these things. First of all, we fought over whether to be cuts. The after we decided there would be cuts, we fought over which kinds of cuts we would make. And we got it down \$26 million worth and we are well within, well within a reasonable reserve. Let me tell you what happens. Let's talk about some dollar figures of what happens if you increase...

PRESIDENT: (Cavel.) Go ahead.

SENATOR BEUTLER: ...if you increase the income tax by one percent. First of all, you have the cash reserve. That is \$35 million and then you have the statutory 3 percent reserve which we now have at 3.7 percent. You add those two together and you have about \$60 million. Now if you increase one percent in the manner being suggested to you, that is another \$28 million, plus a little extra, you are all the way up to \$90 million, \$90 million in reserve. You have got to be kidding. If you think for a moment that the average differential between projections and actual income is 4 percent, that is \$32 million. So the projections could be off by more than 10 percent and you would still be covered, not just 4 percent, they could be as much as 10 percent off and you could still be covered. This is an enormous and excessive reserve, I believe. And I just wanted to be sure that you understood the dimensions of