

quoted as saying that I favor an increase in income tax and I did because I didn't think there was any way we could avoid it, but I am beginning to have second thoughts about it and I think that our farm economy is not going to be better next year. In fact, it could be in trouble yet for a couple of years. So I very reluctantly suggest that we not raise the salaries of state employees but under the conditions with the trouble that the farm economy has today, I believe that we should freeze the salaries there at that level for this year and I support Senator Schmit's amendment.

SPEAKER NICHOL: Thank you, Senator Remmers. Senator Hefner, please, then Senator Hannibal.

SENATOR HEFNER: Mr. President and members of the body, I rise to support the Schmit amendment. It probably isn't the most popular thing to do but I believe that now is not the time to raise the employees' salaries. We are in stressful economic times in the rural areas and in the small towns. I realize that Lincoln and Omaha probably aren't feeling the full brunt but we need to think of our rural communities too. Farmers and small business men are facing foreclosure and some of the employees that work for these people are losing their jobs. I realize that it isn't a great amount of employees but there are some that have to look for other jobs. And more than likely they will come to the metropolitan area to find these jobs. With our unemployment rate going up, it is going to be hard for them to find these jobs. We were fortunate last year that we did have a good crop in the rural areas, especially in northeast Nebraska and if these farmers were in the government program, some of them are going to survive. I am happy to see that interest rates are dropping a little, probably not as much as we would like to see them drop, but they are dropping a little. Diesel fuel has dropped a tremendous amount. In fact, a lot of the farmers will be paying 50 percent less for their fuel prices this spring and that should help. Then I think when the economy improves then we should go ahead and approve a wage increase. It was brought up about state income tax and somebody said the other day that farmers and small business men do not pay income tax if they don't make any money. This is true. However, I talked to a farmer the other day that says, I am being foreclosed on and I still have a capital gains tax to pay on \$30,000. So I think we need to consider that. And he says, I don't have any money to pay