

lower level than was prudent. On the other hand, we set reserve figures at a level that we thought was politically expedient. Unfortunately the political expediency of low reserve figures meant that during the course of any fiscal year there could easily come a time when our cash flow reached dangerously low levels. So our philosophy, back in 1983 when we established the Cash Reserve Fund, was simply to establish a pot of money that the State Treasurer could draw upon during the course of any given fiscal year when the cash was not coming in as we had hoped it would be coming in, and that money would then be quickly replaced during the regular fiscal year as money came in. That Cash Reserve Fund has been drawn upon several times now for exactly that purpose. Senator Abboud says I now want to use the Cash Reserve Fund to take care of our total appropriational deficit. In other words, I want to wipe it out, I want it to be gone, I want it to be extinguished. Once that fund is extinguished we will then literally face, during the next legislative session, the question whether we should increase our taxes, as we did back in 1983, to re-establish a Cash Reserve Fund, not necessarily for rainy day purposes but simply to take care of the state's cash flow needs. My personal feeling is this, inasmuch as the Nebraska Legislature currently is setting the tax rates...

SPEAKER NICHOL: One minute.

SENATOR V. JOHNSON: ...inasmuch as the Nebraska Legislature is also doing the appropriational work and establishing, through the appropriational work, whatever we think is an appropriate, albeit always politically expedient reserve, we will need to have a Cash Reserve Fund for the specific purpose of simply maintaining...simply having cash that we can draw upon when revenues don't come in quite as anticipated. If we were to deplete the Cash Reserve Fund today that good purpose would be gone. We would no longer have that available to us, and in fact we would literally have to raise tax rates in subsequent sessions simply to replace the Cash Reserve Fund because of the basic purpose of that Cash Reserve Fund. My feeling, personally, is that we ought to save the Cash Reserve Fund now. It is not really a rainy day fund, it is a cash flow fund. We ought to save the Cash Reserve Fund and increase the tax rate today, as LB 35 contemplates, so that we can meet our appropriational deficit. For that reason I oppose Senator Abboud's amendment.