

December 5, 1986

some spending so as to be able to have the impact that the people themselves say they want. I would suggest to you that the problems of poverty in the State of Nebraska are going to increase and today in 1986 we see the problem of poverty not just being in the community of Omaha or the community of Lincoln where we normally expect to see it, but we see it now spreading throughout the state, 50 percent increases in AFDC and food stamps in the Panhandle of Nebraska. We're seeing today problems of poverty being as pervasive as perhaps anytime in the history of this state, and the citizens, I think, are going to want us to address it. The citizens, in my judgment, I think are going to want us to be advocates for people who are poor and try to understand what it's like not to be able to afford health care, try to understand what it's like not to be able to afford transportation, try to understand what it's like to be unemployed and want to work and to feel some sense of responsibility for yourself. I believe as well that the citizens are going to want us to, and you, to address the issue of taxes, and believe that one of the most difficult things that you're going to have to address is where and when to give the credits to a variety of people who are going to want them. And I, personally, would suggest that you resist with all due diligence the desires of many to extend credits beyond what we currently have in place and would urge you, in fact, to consider that what was recently accomplished in Washington which is essentially to say that we're going to broaden our base of taxation so that we can lower the overall rates to everyone else is what the people themselves want; that you may hear from a variety of vested interests that say that we do not want to collect a tax. You'll hear from a variety of vested interests that say that their tax incentive is very important, but in the end the people themselves who are the ones that pay the taxes of this state, and I believe that they want a minimum number of deductions and exemptions. I believe as well in the area of income tax that we are rapidly approaching a point where I think that we should write our own tax law. Consider that 75 percent of Nebraskans don't even itemize and so to say, that we want a simple system in the face of three-fourths of our people not even itemizing their deductions seems to me to be basing your argument on rather flimsy ground. And for the 25 percent that are left, an awful lot of those people use accountants and so the simplicity argument begins to deteriorate, particularly I think in the face of what has happened in 1981 with the Economic Recovery Tax Act and then a reversal of that in 1985, so that Nebraska is whipsawed by the special interests in Washington that are trying to get this and that deduction and exemption or