

PRESIDENT: Sargent at Arms.

SARGENT AT ARMS: Mr. President, your committee now escorting his Excellency, the Governor of the State of Nebraska.

PRESIDENT: Have the committee bring the Governor to the stand please. It is my pleasure to introduce you to his Excellency the Governor of the State of Nebraska. J. James Exon.

GOVERNOR: Thank you very much. Mr. President, Mr. Speaker, Members of the Honorable body, Ladies and Gentlemen. We face the relatively short session of the Legislature this year. I come to you today seeking your assistance to do what we must do collectively to accomplish what is necessary for Nebraska. We will meet the legitimate needs of this state. Hopefully we can do this with dispatch and a minimum of differences. I'll continue, Americans in all walks of life have been called upon to exercise restraint. Government of all levels should follow suit. The general economic situation in Nebraska and in the Nation has seen brighter days. Our number one industry Agriculture is suffering from depressed prices. Economic restrictions have been imposed by the Federal Government including wage and price control. At the International level we have witnessed vast restrictions on trade and devaluation of the dollar. Inflation remains as a continuing menacing factor. The Federal Government within the last 30 days has reduced income taxes and consequently the general revenue. Unfortunately they are apparently heading for a substantially more deficit financing. Now, in the face of these facts which I emphasize from this stand one year ago, I again urge caution in spending. With this background I am making budget and revenue distribution recommendations to you which will allow a hold the line policy. On the State personal sales and income tax rate for next year. While at the same time I emphasize meeting the general needs of Nebraska including increase appropriations in some vital areas. Some of you may not agree that preventing a general tax increase is of paramount consideration. I believe that the vast majority of Nebraskans do. I hope that you will concur that belief. May I respectfully suggest that if our goal is to do what is required, but not raise the personal sales and income tax rate, then would it not be a good idea for this body to pass a resolution to that affect in these first days. This would bring your goals in this area into compliance with the desires and wishes of most Nebraska citizens. In view of the dictates and directives from the Federal level because of the times and conditions that I have sited, and we do otherwise to be consistent, we could then proceed with the important matter of budget consideration and distribution of available tax funds within that framework. After careful consideration of our budget needs, I am convinced that the necessary expenditures of this state can be met under such limits. Such action on your part would establish the spending ceiling beyond which we would not authorize appropriations. This seems to me to be a realistic budgeting and taxation procedure. In our continuing efforts to fully cooperate with this body, and after intensive efforts, we are pleased to be able to present our budget suggestions at this early date. Previously we made our initial recommendations to your appropriations committee during the budget hearings in December. Let me salute the committee for the diligence and timely consideration and deliberation. While there remained some differences we do not