

daily nebraskan

thursday, november 16, 1978 vol. 102 no. 47

Equalization board raises income tax to 18 percent

By Denice Smee

The Nebraska State Board of Equalization voted Wednesday to increase the state income tax from 16 percent to 18 percent effective Jan. 1. The state sales tax will remain at three percent.

An alternative motion made by State Tax Commissioner William Peters would have raised income tax rates to 17 percent.

State Sen. John DeCamp of Neligh testified against Peters' motion, saying it was based only on projections by the tax com-

missioner's office of reserves until June 10 1979.

He said a rate of 17 percent would result in a \$17 to \$18 million loss in revenues in the next fiscal year.

This is because the projection of approximately \$23 million in reserve June 30, 1979 does not consider the 113 changes made by the Federal Revenue Act which restructured the federal income tax rates and, in effect, decreased federal taxes, he said.

Since the Nebraska tax rate is a percentage of the federal tax rate, when the federal taxes are decreased, Nebraska's total revenue decreases, DeCamp said.

During the rest of the fiscal year the Federal Revenue Act would decrease Nebraska treasury receipts by \$5 to \$8 million if the tax rates remained the same. But during fiscal year 1979-80, it would decrease receipts by \$17 to \$20 million.

Two solutions

There are two possible solutions to the

problem created for Nebraska by the Federal Revenue Act, DeCamp said.

These are: (1) face the bills the state now owes, the costs of future programs and the amount of revenue which will actually be coming in, and raise the tax rates accordingly; or, (2) cut spending.

"I personally would like to see the expenditures cut," DeCamp said.

DeCamp mentioned other problems with having only a 17 percent rate.

A 17 percent rate does not consider possible deficit appropriations which the Legislature may make in the next session, he said.

For example, the State Department of Welfare will present deficiency reports Wednesday stating that their budget will be \$3 to \$4 million short of their needs.

Governor J. James Exon answered DeCamp's question on the accuracy of the projection saying "revenue projections are an inexact science," and in the past the projections made by the tax commissioner have been reasonably accurate.

"I for one am one member of this board who will not increase revenues one penny over what is needed," he continued.

"Whenever there is extra money around, the Nebraska Legislature finds ways to spend it."

Automatic reserves

Concerning possible deficit appropriations, Peters said the projections were based on 100 percent expenditures, but, in the past, actual expenditures have only been 96.5 percent on the average for the last five years.

Exon explained this meant the 17 percent rate had "additional reserves automatically built in."

Peters and Exon voted for this motion, and Secretary of State Allen Beermann, State Treasurer Frank Marsh and State Auditor Ray A.C. Johnson voted.

Beermann proposed the 18 percent rate because it would answer the needs of the entire year and not just those in the remainder of the fiscal year.

Beermann also said the possibility for a recession in the third quarter of the fiscal year should be considered in the board's decision.

Peters said this motion would take \$40 million from the taxpayers to cover a possible \$22 million difference made by the Federal Revenue Act.

This is "more than an adequate cover," Beermann said.



Photo by Mark Billingsley

The State Board of Equalization meets to discuss state income tax rate changes.

UPC autonomy debated

By Shelley Smith

The Union Program Council's appeal to make it an independent governing body resulted in a heated debate at Wednesday night's ASUN meeting.

Ron Dahlke, spokesman for UPC, said that UPC wants to be independent of the Union Board to best serve student interests.

He said that in the past, UPC has been heavily monitored by the Union Board in choosing several speakers.

UPC proposes, he explained, a professional advisory staff which would act as a resource and would keep continuity in programs through the years.

He said that UPC members would undergo training to learn programming method expertise and use their advisors to facilitate inter-University communication.

A letter to Mark Knobel, Union Board president, from Vice Chancellor Richard Armstrong asked the Union Board to modify its by-laws eliminating responsibility for programming.

At the Union Board meeting, also held Wednesday night, Knobel responded, "At the present time, it's the feelings of UPC that we don't hold anything over their heads."

Jim Davidson, a member of UPC, told ASUN that he felt UPC and CAP must have a great deal of contact with each other in order to provide the best services possible to the students.

Charges corrected

The charges against 15 UNL students were incorrectly reported in Wednesday's *Daily Nebraskan*. Michael Zeis was charged with disturbing the peace and Mike Phillips was charged with resisting and abusing an officer.

Charged with disturbing the peace were: Curt Brown, Ronald Kobler, Richard Palzek, Jeff Sharp, Richard Hergenrader, James Meyer, Wade Morris, Mathew Bassett, John Gilmore, Samuel Segnar, and Douglas Brooks.

Andrew Peterson was charged with disturbing the peace and interfering with the duties of a police officer, and Craig Meierhenry was charged with interfering with the duties of an officer.

The *Daily Nebraskan* regrets the errors.

inside thursday

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Cup of mud: It's the beans that make the brewpage 13

Two years in a row: Missouri Coach Warren Powers hopes to upset his old school againpage 14



Photo by Mark Billingsley

Tooting his horn, Dave Walsh, 9, gets a few practice notes in while he waits for mom.