

LEGISLATIVE BILL 749. By Kilgarin, 7th District; Wiitala, 31st District.

This bill introduced on behalf of: people of Nebraska.

A BILL FOR AN ACT relating to workmen's compensation; to amend sections 48-125, 48-130, 48-140, 48-152, and 48-172, Reissue Revised Statutes of Nebraska, 1943, sections 15-1008, 16-337, and 35-211, Revised Statutes Supplement, 1980, and section 48-153, Revised Statutes Supplement, 1981; to allow double benefits as prescribed; to change provisions relating to attorney's fees; to restrict the use of certain funds as prescribed; to increase the number of judges of the Workmen's Compensation Court; to allow certain costs as prescribed; to provide a penalty; and to repeal the original sections.

LEGISLATIVE BILL 750. By Dworak, 22nd District.

This bill introduced on behalf of: self.

A BILL FOR AN ACT relating to water; to amend sections 46-257 and 46-285, Revised Statutes Supplement, 1980, and section 33-105, Revised Statutes Supplement, 1981; to change a fee; to change certain provisions relating to dams and reservoirs; to modify a definition; and to repeal the original sections.

LEGISLATIVE BILL 751. By Goodrich, 20th District.

This bill introduced on behalf of: Savings and Loan Industry.

A BILL FOR AN ACT to amend section 45-190, Revised Statutes Supplement, 1981, relating to loan brokers; to redefine a term; and to repeal the original section.

LEGISLATIVE BILL 752. By Wiitala, 31st District.

This bill introduced on behalf of: citizens of Nebraska.

A BILL FOR AN ACT to amend sections 60-106, 60-107, 60-114, 60-115, and 60-312.01, Reissue Revised Statutes of Nebraska, 1943, and section 60-302, Revised Statutes Supplement, 1981, relating to motor vehicles; to define terms; to change certain provisions relating to certificates of title as prescribed; to provide for an identification inspection; to change provisions relating to forms; to change fees; to create a fund; and to repeal the original sections.

MOTION - Escort Governor

Speaker Marvel moved that a committee of 5 be appointed to escort the Governor to the Chamber to deliver his State of the State and Budget Message.

The motion prevailed.

The Chair appointed Messrs. Carsten, Newell, Barrett, L. Johnson, and Remmers to serve on said committee.

The committee returned and escorted Governor Charles Thone to the Rostrum where he delivered the following State of the State and Budget address.

Mr. President, Mr. Speaker, Members of the 87th Nebraska Legislature, and distinguished guests:

Three years have passed since I stood in this chamber to take the oath as Nebraska's 32nd Governor. They have been eventful years.

On the world scene, the President of Egypt--a peacemaker--was slain by assassins' bullets. Attempts were made on the lives of Pope John Paul II and the President of the United States. Soviet troops invaded Afghanistan. Martial law has been recently harshly imposed on the people of Poland. The precarious peace in the Middle East concerns all.

In our own country, we have witnessed the most abrupt and far-reaching change in fiscal and federal programs--the most dramatic change of course since the advent of the New Deal almost half a century ago. This turning point, mandated by the electorate in 1980 and good common sense, has profound implications for the governments and programs of Nebraska and the other 49 states. It means that power which over the past 50 years has been centralized in Washington is being returned to the states. That's where our Founding Fathers intended it should be. It brings new challenges to the states, but it offers, as well, new opportunities.

In Nebraska, with the invaluable help of the men and women in this Legislature and strong support from Nebraskans from Fordyce to McCook, from the Missouri River to Mitchell Pass, we are prepared to meet those challenges and to grasp those opportunities.

Consider just some of the highlights of what we have accomplished together:

- * During the past three years, we have cut spending increases in half, compared to the average annual spending increases in the preceding eight years.

- * We have reduced individual income tax rates from 18 percent of the federal liability to 15 percent.

- * We have passed along the benefits of the federal tax cuts by maintaining rates on state income and sales taxes.

- * In special session, at my request, this Legislature voted to cut back on spending this fiscal year, in order to avoid an increase in tax rates.

* Since July of 1980, we have reduced the number of state employees, excluding higher education, by more than 1,400. That's about 10 percent.

* In two and a half years, we have reduced the number of miles driven by state vehicles by more than 24 million miles, compared to the base year of 1978. This has produced savings not only in dollars but also in energy.

At the same time, the needs of this state have been well met. We have substantially expanded our agricultural marketing activities. We have opened a new state correction complex. We provided more than 139 million dollars for new and additional property tax relief. We established statewide equalization of property valuation. We increased support of higher education in Nebraska by more than 40 million dollars. We have realized substantial progress in our state roads program, water legislation, government reorganization, citizen involvement and mental health delivery system. State aid to education has been increased 40 million dollars. And 77 new industries were attracted to the state, providing over 4500 jobs for Nebraska workers.

However, the agricultural economy on which our state so heavily depends has had a most difficult year. Farm prices and the national recession have had an adverse effect on the economic health of the state. Nevertheless, I can with confidence report today that the state of the State is sound.

It is our basic responsibility—yours and mine—to see that it stays that way.

As I look about this chamber today, I count 15 Senators who were not members of the Legislature when I presented my first budget message in 1979. So let me repeat the closing paragraph of that message:

“The people of this state have reposed in us their trust and their confidence. It will require the best efforts of all of us to merit their reliance upon us to work together and act together for the public interest of all Nebraskans.”

During these three years a heavy majority of the Legislature and the governor have developed a healthy and harmonious working relationship. It has been based on mutual respect and an active spirit of cooperation. I am grateful for that. I have always believed that the interests of the state are better served in a general atmosphere of cooperation than in one of confrontation.

Nonetheless, I am constrained to remind you that my responsibilities under the Constitution of our state require that I take care that the “affairs of the state (be) efficiently and economically administered.” I am prepared to exercise that responsibility to the full extent of my ability.

Before I present my budget recommendations to you, there is one important procedural matter that I want to bring to your attention with due emphasis. Article IV, Section 7 of the Nebraska Constitution requires the Governor to present a budget bill to be introduced by the Speaker of the Legislature at the request of the Governor. The legislative history of this provision makes it crystal clear that the Legislature must use the budget bill introduced at the Governor's request through the whole legislative process. The Legislature may, of course, amend the bill. The clear purpose of this Constitutional provision is to allow the citizens of Nebraska easily to compare the Governor's proposals to the Legislature's actions. I ask that you follow the Constitutional mandate.

I am confident that as you have visited with your constituents in your districts, you have been given the same message that I hear as I talk with taxpayers: "Do what is necessary State Governmentwise. Hold down spending. Don't increase taxes!" It is a message we must heed.

The budget I present to you today will not, I repeat, will not, require an increase in sales and individual income tax rates. It is, admittedly an austere budget. It is the kind of budget that conditions require. Just like an individual, a family or a business, your state government must discipline itself to live within its means. And this budget does just that.

But that does not mean that we cannot continue to meet the legitimate needs of our citizens and provide the important services for which governments are created. It does mean that non-essential expenditures, desirable though they may be to some, must be checked. It does mean that we must become more efficient in use of the funds at our disposal. It does mean that we must make tough choices. It does mean that we must be willing to stand up to the pressures from the special interest groups that will inevitably be applied.

Before I proceed with some additional details on the budget, let's look for a few minutes at the revenue side of the equation.

My recommendations are based on the most recently available forecasts from the Nebraska Department of Revenue. These have been shared with your Appropriations Committee. My recommendations are also based upon additional revenue measures which I am recommending today.

I advised you at the conclusion of the special session that we were not yet out of the economic woods. That advice warrants repeating today. Fortunately Nebraska has not experienced the worst of the national recession. We have not been forced to contemplate the extreme measures undertaken by other states. Nevertheless, the recession continues to have an inevitable effect on Nebraska's

economy. While national forecasters project an economic upturn sometime in late spring or early summer, I repeat to you now, "We are not yet out of the economic woods."

My budget recommendations are based on maintaining the current individual income tax rate of 15 percent and sales tax rate of 3 percent. They are also based on passing on to the individual Nebraska income taxpayer the benefits of the additional federal income tax cut of 10 percent, scheduled for July 1.

Further, I am presenting to you a bill which will increase the ratio that corporate income tax rates bear to individual income tax rates, effective for tax year 1982. Corporate taxes now paid in Nebraska are based on 25 percent of the individual rate on the first 25,000 dollars of corporate taxable income, and 27 1/2 percent thereafter. My recommendation provides for 25 percent of the individual rate on the first 50,000 dollars of corporate taxable income, 37 1/2 percent between 50,000 dollars and 100,000 dollars and 50 percent thereafter. It is currently estimated that this measure will raise an additional 20.5 million dollars in General Fund revenue.

This proposal would actually reduce the state income tax rate for some small corporations. It is a fair tax increase for the higher profitable corporations. It is vital to the integrity of this budget, and has my 100% support.

State Tax Commissioner Leuenberger has briefed members of your Revenue and Appropriations Committees on a comparison of our corporate tax structure with 45 other states. Nebraska ranks between 40th and 43rd among the states for its corporate rates.

There are these additional revenue measures: I propose transferring 3.7 million dollars of existing cash balances to the General Fund. I propose increasing the current cigarette tax by four cents, raising 7 million dollars. I propose reducing the minimum required General Fund reserve to 2 percent, thus freeing for appropriation 7.5 million dollars.

General Fund revenue for Fiscal Year 1983 is anticipated to be 749.2 million dollars, including that produced by the additional recommended revenue measures. Clear balances at the end of Fiscal 1982 are estimated to be 25.5 million dollars, net of anticipated deficits. Total General Funds available for Fiscal Year 1983 are 774.7 million dollars. The total includes 15.3 million dollars estimated to be necessary to meet the recommended 2 percent reserve requirement.

Within these revenue constraints, you have the clearly difficult but most attainable task of building a budget. Within these figures you will find little which might be available for "A" bills or program expansions. I do not recommend them, and I will, of course, veto them should they threaten the current individual income and sales tax rates.

Of the amount available for expenditure, I am recommending a General Fund Budget for Operations and Aid of 743.9 million dollars, or an increase of 4.3 percent over current appropriations. For Capital Construction, my general fund recommendation is 12.2 million dollars, plus 7 million dollars from the Nebraska Capital Construction Fund. The total will allow for the completion of current projects and the starting of selected high priority items. This would bring the total State General Fund Budget to 756.1 million dollars. This would be a 4.56 percent increase over the current budget, well below the 7 percent target mandated for local governments. As you can see, the revenue proposals mentioned earlier are absolutely essential to this budget recommendation.

In preparing my recommendations, I have reduced by more than 150 million dollars the total of all general funds requested. The decisions involved in making those reductions were difficult but necessary. The Nebraska taxpayer is not a source of unlimited funds. The limits must be on our spending.

Within the State Operating and Aid Budget, 409.6 million dollars, or 55.1 percent of the total is for state aid to local subdivisions and aid to individuals. Just over 23 percent, or 173.2 million dollars, is allocated to postsecondary education. The remaining 21.6 percent, or 161.1 million, is for funding all other operations of state government.

As you appreciate, by far the largest share of the budget is for aid. And within this area some of the major problems are found. Certain programs have been ineffectively controlled. A virtual blank check has on occasion been provided by the Legislature, a luxury you should no longer tolerate.

For next year, my recommendation for Special Education is 35.6 million dollars. This is a 6.8 percent increase over the amount originally budgeted for 1981-82 and almost a 25 percent increase over the past four years. For the current year to cry out for needed reform, I am not including in my deficit bill the anticipated annual shortfall for this badly managed program. So long as this program continues to grow unchecked, and with mounting controversy, the possibility for increases in general state aid to education is nil. I have consulted with Dr. Anne Campbell, Commissioner of Education, to discuss this difficult problem. She has pledged her cooperation in working out an acceptable and reasonable solution. I strongly urge a qualitative audit and review from top to bottom on special education. Those students who indeed have special needs must receive special help, and the state must share in the costs of those services. Most school administrators agree that, while this is unquestionably a necessary program, a way must be found to control not only the blank check costs but also the rules, regulations, and enormous volume of paperwork involved.

Another program which must be brought under tighter control is Medicaid. Over the past four years General Fund expenditures in this area have increased from 26.8 million dollars to an estimated 41.7 million dollars for 1982-83, an increase of 55.4 percent. The estimate for next year would be even higher except for cost containment and administrative measures which will be undertaken to save an estimated 7.8 million dollars in state funds. We must continue to search for ways to ensure that these funds are going for necessary services and are meeting the highest priority needs.

GENERAL GOVERNMENT

Within any organization, it is the ability and initiative of the employees which usually determines the quality of the goods or services produced. I am immensely proud of our state employees and the job they do in service to our citizens. For next fiscal year I am recommending an average increase in employee salaries of 5 percent. This will be accomplished by increasing the base salary by 4 percent but allowing agency directors to give individual increases of up to 6 percent.

In addition, my recommendation reserves funds for an increased state contribution to the employees' health insurance coverage to help offset the anticipated rate increase.

As was done last year, I am again recommending that wherever possible, agencies' funding programs be combined to provide greater management flexibility and a more efficient use of resources. This is a frugal budget. It will be more important than ever that agency directors have the necessary tools to use effectively the funds at their disposal.

I am also recommending continuation of the LB 309 Task Force as proposed by Senator Cope and others. I am suggesting that it be funded for FY 82-83 in the amount of 1.15 million dollars. This program has saved and will save the taxpayers millions of dollars by making our existing state facilities last longer and function more efficiently.

HIGHER EDUCATION

Nebraskans are justifiably proud of their postsecondary education system. That pride is demonstrated by the level of state support provided to this area which is critically important to the future of our state.

One of the most important--and certainly most difficult--decisions which had to be made in the construction of these recommendations was the extent to which we would be able to provide support for this state's institutions of higher education.

I turn first to the University of Nebraska, and I emphasize what each of you already knows: that I firmly believe that Nebraska must

have a strong and vibrant state university, that I am proud of the University of Nebraska, and that I am aware of and deeply appreciative of the University's many splendid accomplishments.

I have always believed that it was essential to provide adequate support for the University. Every individual in this room--indeed, almost certainly every citizen of this state--has benefited from the many fine programs which the University offers. I understand that the University's contributions to our economic and cultural well-being are essential, and must be continued.

The budget recommendations which I have placed before you will, in my estimation, allow the University to sustain its operations at a reasonable level. It is, regrettably, not a budget which will permit the University to do all that it might have wished. The University will also have to pay the price of fiscal austerity. This proposed budget is consistent with my belief in the importance of higher education, and one which will guarantee continuity of effort and quality of programs at our state university during these financially troubled times.

Over the past ten years, state tax support for postsecondary education operations in Nebraska has increased by approximately 261 percent. This places Nebraska second among the "Big 8" states in state tax support growth. In the past two years state tax support has increased by approximately 24 percent for postsecondary education, also second among "Big 8" states. At 119 dollars per capita, Nebraska ranks twelfth among the states in the nation for fiscal year 1981-82 in state support for postsecondary education.

My budget recommendation for FY 1982-83 provides for an increase of more than 11.4 million dollars from the state general fund for operation of postsecondary education. This amounts to a 6.3 percent increase over FY 1981-82. The increases are as follows:

University of Nebraska -- 5.9 percent increase from 141.1 million dollars to 149.4 million dollars. When I became Governor this budget was 108 million dollars.

State Colleges -- 8.3 percent increase from 21.7 million dollars to 23.5 million dollars. When I became Governor this budget was 17.3 million dollars.

Community Vocational Technical Colleges -- 7.0 percent increase from 18.7 million dollars to 20.0 million dollars. When I became Governor this budget was 15.5 million dollars.

The recommendation for the University is in a lump-sum format. The Regents have the constitutional right and duty to allocate the State General Fund appropriation and other revenue sources among the campuses and functions. The recommendation includes the 5 percent salary increase plus an extra amount for discretionary salary and fringe benefit cost. In calculating these increases, I have

incorporated President Roskens' announced plan to reduce "state aided" employment by 2 percent during the current fiscal year.

For the State Colleges, I am recommending a 1.8 million dollar, or 8.3 percent, increase in state support. Salary policy and operating expense allowances are similar to those for the University, specifically including extra funds for fringe benefit costs. The Trustees are provided with flexibility to allocate funds and are provided with a discretionary fund in the Board Office. The discretionary fund could be used for such requested items as the Kearney Nursing program, a business faculty position at Peru, computer cost funding at Chadron and throughout the system, instructional equipment, fringe benefit and salary increases, or other priorities of the Board. The appropriation in the discretionary fund may be transferred to the Colleges and become part of the permanent operating budget of the Colleges at the discretion of the Board.

The Community Vocational Technical Colleges are provided with an increase of 1.3 million dollars, or 7.0 percent. While the colleges are not a state agency, salary and inflationary allowances were taken into consideration when reviewing their request for state aid. According to state statute, it is the authority and responsibility of the Area Boards to allocate the state aid they receive in a fiscally sound and efficient manner.

For the Postsecondary Education Coordinating Commission, three full-time positions are funded from state tax dollars in the Administration budget. In addition, the State Student Incentive Grant Program is funded in the same program and in the same manner as it has been for the past five years. An amount of 180,000 dollars of state tax dollars is recommended for the new State Scholarship Program. Of this amount, which is recommended to be appropriated in a new and separate program, approximately 10,000 dollars is estimated for use in administration of the program.

POSTSECONDARY EDUCATION: CAPITAL CONSTRUCTION

The recommendation for Capital Construction at the University includes reaffirmations of funding for FY 1982-83 totaling 1.3 million dollars for the planned School of Veterinary Medicine. This reaffirmation is made with the understanding contained in LB 245, that actual construction will not proceed until both federal and private funding are in hand, and other states have fully agreed to the project.

In addition, 250,000 dollars is provided for miscellaneous life safety, energy conservation, and minor instructional classroom renovations. These funds may be distributed systemwide according to priorities established by the Board of Regents.

Also funded is the 575,000 dollar request for the incinerator at the Medical Center. This project has both life safety and energy conservation components.

Funding in the amount of 124,460 dollars has been provided for Preliminary Program Planning through the schematics phase for the proposed Animal Science Complex.

The Board of Trustees of the State Colleges is provided 1.9 million dollars of reaffirmation funding for the addition to the Kearney Library. Also provided is 200,000 dollars for systemwide life safety, energy conservation, and minor instructional classroom renovations. These funds may be distributed systemwide according to priorities established by the Board.

It is also recommended that the Board utilize the 111,000 dollars recommended for the Chadron Activities Center to construct the underground drainage system for the campus as indicated as an alternate in the recently completed Program Statement. The completion of this system is viewed as necessary before the new construction takes place on the campus.

Funding in the amount of 650,000 dollars has also been provided for the first phase of actual construction on the A.O. Thomas renovation project at Kearney State College.

NATURAL RESOURCES

Water remains the key issue in natural resource management in Nebraska. In 1979, the state initiated a series of studies to guide state policy on many water problems. Already finished are major studies on Water Use Preferences, Instream Flow Policies, and Groundwater Reservoir Management. More studies are underway, and when completed will provide the state with full information and options on water policies. My recommendation for FY 1982-83 continues support for the water planning process and includes 100,000 dollars of new appropriation, plus reappropriated balances for a study of the critical Sandhills region.

Development of water projects and conservation of water are important to Nebraska's future. The recommendation for the Resources Development Fund is for the same amount as the current year, an increase of 190 percent over the level of funding made available four years ago. The recommendation for the Water Conservation Fund represents a 113 percent increase over the level of funding made available four years ago. Because construction costs are declining and bids are coming in considerably lower than estimated, there will be savings on existing projects that can be used to fund additional projects. As of November 1981, there were more than 500,000 dollars of such savings in just the Resources Development Fund.

The level recommended for the Resources Development Fund will provide approximately 3.4 million dollars to continue the subsequent phases of projects currently in progress, or to begin new projects.

An additional 3 million dollars is recommended in the Department of Environmental Control's budget to finance the state's share of the Waste Water Construction Program. This is a significant increase over current year funding but is necessary because of the anticipated level of construction activity during next fiscal year.

TRANSPORTATION

A key factor in our state's economy is our highway system. Our investment in that system is large but the return is substantially greater. Without the ability to move our agricultural products and the production of our manufacturers, our economy would come to a standstill.

The recently enacted Variable Gas Tax has proven to be of significant help in speeding up the construction and maintenance programs of the Department of Roads. The wisdom and foresight of Nebraska in this area are being seen in the large number of other states which have adopted or proposed gasoline tax increases. The recommendation which I am making will maintain the Variable Gas Tax at the present 2 percent rate. I am proposing that the state's program of aid to rural and urban mass transit programs be funded at the current level. I am providing to the Speaker a bill which would change the source of funds for this program from the General Fund to the Highway Trust Fund. This change is well merited in my opinion, and I hope you agree.

I am also submitting legislation which will postpone for one year the issuance of new license plates. This action will save the state an estimated 2 million dollars during this difficult financial period. I hope Nebraskans will consider their present battered and dented plates as badges of honor in Cheyenne and our other 92 counties and a testament to our determination to restrain state spending.

HUMAN SERVICES

In the preparation of this year's budget, priority was given to the human services programs.

For the kidney dialysis program in the Department of Health, a deficit appropriation of 100,000 dollars is recommended for the current year, along with full funding for next year. Dramatic increases have been experienced in this area and program changes will be required if costs are to be brought under control.

Twice this Legislature has overridden my veto of 400,000 dollars allocated to the Department of Health for cancer research. I have gotten the message. But, while I have included the 400,000 dollars in my recommendation, along with the 600,000 dollars for Department

of Public Institutions alcohol treatment programs, I am compelled to advise you that any attempt to increase these amounts will receive an immediate veto as not wise priority use of available funds.

Included in the recommendation for the Department of Health is an additional 70,000 dollars for the Medical Student Assistance Program to bring the total funding to the 280,000 dollar level originally contemplated when the program was started. This program is an important component in our efforts to increase the availability of health care in our medically under-served rural areas.

Funds are provided to the Department of Public Institutions to continue the movement of patients from Beatrice and to support those moved in previous years.

An increase of 7.2 percent, or 1.9 million dollars, is recommended for the Department of Corrections. Within that recommendation, additional funds are provided to deal with the increased population in our correctional facilities.

Charles Benson has provided outstanding leadership for this agency. He is working hard to keep costs under control and provide a model correctional program. In line with those efforts, it is strongly recommended that the various funding programs be combined to provide maximum management flexibility.

Included in my deficit recommendation is a transfer of 75,000 dollars of Corrections' cash funds from other programs within the agency to Correctional Industries during the current fiscal year. This will permit the purchase of additional tooling to allow the expansion of production. A high priority for next year will be placed on improving this vitally important program.

You will recall that the panel of experts I invited to assess our corrections system identified inmate idleness as a problem requiring priority attention and that the Chief Justice of the United States, in his recent speech in Lincoln, emphasized the need to make our corrections institutions "factories with fences." We agree, and continued emphasis will be given to work release, educational release and prison industries.

Last year the Veterans Aid Trust Fund was increased by 500,000 dollars, and an additional 500,000 dollars was planned for this year. With the increased interest earnings that have been realized and other efficiencies of operation, I am recommending 250,000 dollars of additional funds for FY 1982-83 and 250,000 dollars for FY 1983-84. Our analysis indicates that with the additional 250,000 dollars, adequate funds will be available during FY 1982-83 to meet anticipated needs.

General funds have been increased for the Commission on Aging to allow the state to take advantage of the federal funds available to support the services which are so important to our senior citizens.

Let me also direct your attention to five proposals of the Government Improvement Task Force, chaired so ably by Earl Luff. These proposals are deserving of your attention and action this year:

LB 535 which provides for biennial appropriations. I share the view of the Government Improvement Task Force that biennial, rather than annual appropriations, will result in a longer term view of spending priorities and is likely to result in less total spending than annual appropriations.

Another important Task Force Recommendation is embodied in LB 454.

LB 454 provides for setting of income tax rates by increments of one half of 1% and sales tax rates of one quarter of 1 percent. Under present law sales tax rates can be changed only in 1/2 percent increments. That is approximately 47 million dollars at this time. The taxpayers would be well served if we had greater flexibility in adjusting our tax rates.

Other Government Improvement Task Force bills deserving your attention are:

LB 542 which eliminates the little used Weather Modification Commission;

Senator Warner's measure to provide for Legislative review of the Board of Educational Lands and Funds budget; and

A bill which will place all state aircraft under the operational authority of the Department of Aeronautics.

THE YEAR AHEAD

The year ahead of us will be a difficult one. But let's face it with confidence--a confidence based in large part on an abiding faith in this State and in its people.

We have laid a firm foundation for better government in the past three years. We have taken significant steps to protect and develop the resources of the state, both natural and human. We have appointed coordinators in both areas to serve as extensions of the Governor's office.

In the natural resource field, Jack Hart has been on the job for nearly a year. In that time he has demonstrated that much progress can be achieved through sensible administrative procedures and effective coordination of the many agencies involved in the planning and management of our soil and water.

Competition for water is becoming intense, both within the state and from interests outside the state. We intend to resist vigorously any threats to Nebraska's water supplies from outside our borders while we seek the most efficient possible use of supplies within the state.

One of the priority measures you will be considering during this session is LB 375 which has been extensively studied, debated and

altered. That process has led to an amended version which, I understand, will be offered in the Public Works Committee. I am pleased to indicate my support for that measure. It represents a sound and sensible approach for allowing local areas to take steps to protect their underground water supplies before shortages become critical. Let's also move ahead on the Natural Resources Commission recommendation of recognizing instream uses as valid and important uses of certain stream reaches in Nebraska.

John Knight, one of your former most respected colleagues, has assumed his new post as coordinator for human resources only within the past few weeks. As you know, John headed a task force I formed to prepare state government for the changes made by the Reagan Administration and the Congress in the handling of federal funds. With his considerable experience in the field, and as my principal liaison with the Legislature, John has the background and the competence to improve the administration of human services programs of the state. I am confident that he will have the full cooperation of the Legislature; Be assured that you will have his full dedication and support.

Nineteen eighty-two will be a trying year for Nebraska agriculture. Our farmers face critical problems of rising costs and declining prices. Less than 4 percent of America's population sustains the rest of the nation because of the truly remarkable growth of agricultural productivity. The American farmer is industry and labor's biggest customer, the consumer's best supplier and the steward of the soil which constitutes our basic wealth for this and future generations.

And yet, the unhappy fact is that the farmer is not rewarded for his efficiency and his productivity. As his costs--particularly interest payments and fuel prices--continue to rise, the prices he receives for his products actually decline.

There is a practical limit to what state government can effectively do that is of immediate help in this situation, beyond what I have been describing, namely holding down government spending to ease the tax burden. And state government can help by vigorously promoting exports, general marketing and product utilization of our bountiful products. Overall, Nebraska farm product exports amount to almost two billion dollars annually. I am proud of the fact that overseas sales of farm products in which the Nebraska Department of Agriculture was directly involved tripled to nearly 160 million dollars in 1981 over 1980. We plan to again step up our efforts in this direction in the coming year.

My fervent hope is that 1982 will see a reversal of the disturbing trends of the past year and that our farmers and ranchers can once again look forward to a fair return on their investment and their

labor. It is of critical importance to our state. I recall that my colleague in the Congress, Jamie Whitten of Mississippi, once told me that each dollar of wealth taken from the soil generates 7 dollars of income throughout the economy.

The downturn in the agricultural economy has reflected itself in our state's unemployment rate. At 4.3 percent, our rate is only about half the national average. Nebraska is the fourth lowest among all the states in its jobless rate. Still, that is of small consolation to those 33,000 of our workers who are out of jobs.

That is why I have directed the Department of Economic Development to assign the highest priority to the attraction of new industry and to the retention and expansion of companies that are already here. My budget includes 25,000 dollars for industrial start-up training as one way of encouraging industrial development in Nebraska. We will continue to press ahead as diligently as we can.

Just as high interest rates are making life miserable for Nebraska farmers and ranchers, so have they denied thousands of our families the realization of the dream of home ownership.

Through the activities of the Nebraska Mortgage Finance Fund, more than 5,000 families have seen that dream come true. With the recent easing of interest rates, I hope the Fund will be able to issue more mortgage revenue bonds so that more families may participate. Much will depend on the action of the Congress which is considering legislation which would deprive states and cities of this valuable financing tool. I solicit your support in opposing that ill-considered legislation. Decent and affordable housing for all our citizens must remain one of our primary goals.

In closing, let me repeat: The state of the State is sound. It is sound because we have exercised restraint and fiscal prudence. It will remain sound if we stay true to our course.

It was 90 years ago--in 1892--that Robert Louis Stevenson described a trip by train across the Nebraska prairie in these words:

"To one hurrying by steam there was a certain exhilaration in this spacious vacancy, this greatness of the air, this discovery of the whole arch of heaven. . ."

The virgin prairies have long been broken by the settler's plow. Cities and towns and villages established by immigrant pioneer families now lie along the path the writer followed those nine decades ago. Still, there abides in Nebraska a strong sense of that indomitable pioneer spirit which persevered and conquered the wilderness against imposing odds.

Let us, then, join together in that spirit to confront the challenges before us, as our courageous pioneer ancestors did. It will not be easy. Few things really worth doing are easy.

But with civility and with reason, we can fulfill the heavy responsibilities we bear. We can provide able, honest and compassionate leadership to the million and a half men, women and children who are proud to be called Nebraskans.

The Committee escorted the Governor from the Chamber.

EASE

The Legislature was at ease from 11:05 a.m. until 11:16 a.m.

ATTORNEY GENERAL'S OPINIONS

Opinion No. 171
January 7, 1982

Dear Senator Haberman:

You have asked us the following question: "Are there any constitutional problems with establishing mandatory minimum terms of imprisonment for individuals convicted under Section 28-1205 of the crime of using or unlawfully possessing a firearm or other deadly weapon during the commission of a felony?" You indicate in your letter that you intend to introduce legislation to establish such a rule of law in the State of Nebraska in the present session.

There has been a great deal of litigation concerning this particular issue around the country in recent years. As a result of this litigation, a number of articles have been written in legal periodicals and encyclopedias dealing with these questions. Some of these articles comment: Length of sentence as a violation of constitutional provisions prohibiting cruel and unusual punishment, 33 A.L.R.3d 335, and validity of statutes prohibiting or restricting parole, probation or suspension of sentence in cases of violent crime, 100 A.L.R.3d 431. While there are other comments related to this general issue, we believe that without citing the specific cases relied upon in these annotations, it is fair to quote from the summary of the last referred to annotation:

As to the validity of statutes prohibiting or restricting parole, probation, or suspension of sentence in cases of violent crimes, the courts have been uniform in upholding the statutes as against a number of different challenges.

Although this specific issue has not been raised before the Nebraska Supreme Court, we believe that the weight of authority is such that our court would be likely to hold that a statute which provided for a