

LINCOLN (AP) — A little more than a month after slashing the state budget more than anytime in recent memory, many Nebraska lawmakers say the Legislature may not be done cutting.

The majority of state senators who responded to an annual, pre-session survey from The Associated Press said that more budget cuts are in order during the session that begins Jan. 6 to help prepare for the next budget cycle.

In addition to the 17 who said more cuts should be made, 10 more say they are unsure whether more budget reductions should be made.

State Sen. Beau McCoy of Omaha, who wants more cuts, said there should be a topdown review of state agencies to identify future cuts, while at least one lawmaker suggested entire divisions of state government could be axed.

Budget projections show the state could have a deficit of several hundred million dollars during the next, two-year budget cycle, which will begin in mid-2011.

“We are beyond across-the-board cuts after the special session,” said Sen. Tom Hansen of North Platte. “Now we look deeper for programs within agencies to cut, or entire agencies.”

Five lawmakers said more cuts shouldn't be in order.

Legislative committees could suggest cost-cutting measures should reductions become necessary, said Sen. Kathy Campbell of Lincoln.

“The ‘let's cut just in case’ method is not prudent fiscal responsibility,” she said.

The survey suggests that the budget woes facing the state have not created an appetite for even considering tax hikes.

Of the 34 Nebraska senators who responded to the survey, none said there was even a chance they would support tax increases if revenues continued to fall below projections.

“The worst thing we could do in the midst of difficult economic times is increase taxes on our citizenry,” said Sen. Danielle Conrad of Lincoln. “We should focus on utilizing existing resources more efficiently or making additional budget cuts.”

Twenty-four lawmakers said raising taxes wasn’t an option, while eight said they were unsure, and most of those said they took that position only because it’s unwise to remove options. Two lawmakers didn’t select an answer.

“I hesitate to say never, as I do not believe that one’s mind is so closed that no circumstances would justify a tax increase,” said Sen. John Wightman of Lexington. “I would say it’s unlikely.”

The possibility of budget cuts lingers after Gov. Dave Heineman signed into law \$334 million in budget reductions to the current two-year budget in November, after an emergency legislative session.

It was called by Heineman after state tax revenue fell significantly below official projections.

The plan approved in November hinges on across-the-board cuts to most agency budgets of 2.5 percent this fiscal year and 5 percent next year, although the details of what gets cut was left to the agencies.

State officials, lawmakers, and rank-and-file state employees may not know details until January, when agencies will report on how they plan to reduce spending.

State revenue has more closely matched official projections the last couple months.

Looking ahead, some have suggested the state rescind some of the exemptions to the state sales tax, saying the patchwork of exemptions is unfair. In the survey, 11 lawmakers said exemptions shouldn't be rescinded, seven said some of them should, and 11 said they were unsure.

Estimates show Nebraska loses about \$3 billion a year—or about the amount needed to run state government for one year—in sales-tax exemptions.

Sen. Greg Adams of York, who would like to see some of the exemptions removed, said the Legislature's Revenue Committee needs to look at all sales-tax exemptions and review the reasons for each.

“Before any further exemptions are granted or any existing ones taken away,” he said, “there needs to be reasonable and rational criterion developed which should be based on good tax policy.”