

**1998 LEGISLATIVE SESSION--VOL. 10**  
**August 14, 1998**

**MEMORANDUM**

**TO:           Members of SBCC**  
**Presidents**  
**NCCC System Office Employees**

**FROM:       H. Martin Lancaster**

**The latest round in the budget negotiations includes what appears to be a model proposed by the House to show projected revenues and expenditures in support of its strong tax cut position. The joint House/Senate conferee meeting has not taken place yet. Senate conferees met the afternoon of August 13 to review the proposal sent over by the House which does reflect concessions in the tax relief debate. The package, however, does not include a major Senate request for full funding of Smart Start at \$56 million. The House package projects for community colleges the same enrollment growth at \$2 million through FY 2004. University enrollment growth acknowledged by the House proposal earmarks \$13.7 for FY 98-99 and increases up to \$127.9 million for FY 03-04.**

**Other items of significance in the House proposal include deletion of the expansion of personal income tax exemption, agreement to phase out the food tax over two years rather than by October 1, 1998, and an increase from \$25 million to \$31 million for Smart Start. Repeal of the inheritance tax remains in the House offer.**

**In summary, the two chambers appear to be closer on the issue of tax cuts for the current year but differ substantially on future revenue issues resulting from projected tax reduction.**

**The budget did not contain any other specific, community college items. The House proposal includes expansion allocation totals in the general areas of education, human resources, natural and economic resources and so forth.**

**Please use this time to emphasize our needs with the conferees and your district Members.**

**CC-98-241**