

May 1, 1975

PRESIDENT: Are you ready Senator Keyes?

SENATOR KEYES: I move for the adoption of the amendments. Has that been done?

PRESIDENT: Yes.

SENATOR KEYES: The amendments to this bill are simply that on the first \$25,000, with the income tax at 10 percent, the corporate income tax will be 2 1/2 percent. After you get above \$25,000, up to \$50,000 with the income tax of the private individual at 10 percent, the corporate tax will be 3 1/2 percent. From \$75,000 on up it will be 4 1/2 percent. It's a graduated corporate income tax that will generate the same, almost the same, amount of money whether your business is incorporated or whether it is a private business. This is going to generate in the vicinity of \$14 million more money than we have generated in the past, at a rate of 10 percent income tax. If the Governor's bill goes through and it becomes 13 percent, then it will generate more money. When we had the hearing on this bill there was very little opposition to it. Even the corporations, while they said they were not in favor of it, they did realize . . .

PRESIDENT: Excuse me, Senator Keyes. There's a great deal of confusion and noise on the floor. I'm sure that everybody realizes the importance of your bill. Could we give Senator Keyes a little more attention please.

SENATOR KEYES: They realize that in the state surrounding Nebraska, and in most of the states, the corporate income tax is far greater than it is in Nebraska. As a matter of fact our corporate rate right now, I believe, is about in the 35 to 40 states. We are that far up the range. If LB 123 is passed there will still be 22 states that have a higher corporate income tax than what we do. I sat here today and I've watched us spend money. If we want funds there are several ways of getting them. We can increase the income tax, we can increase the private income tax, or we can increase the corporate income tax, or we can increase the sales tax, or we can increase all of them. This bill will simply mean that the corporation, on \$25,000, will pay the same amount of tax money as the private individual does. If it gets to \$75,000 on up it will pay about as much as the private individual does on that. It doesn't go beyond that. The federal income tax goes to 48 percent and stops. The federal private income tax goes on up until at one time you will be paying almost 95 percent, or 98 percent, of your income. I think I'll quit with that and let any of those that want to oppose it, or do anything they want to, talk. If not, . . .

PRESIDENT: Senator Carsten.

SENATOR CARSTEN: Mr. President, fellow legislators, I think that I should rise to talk on 123 and the amendments, as the amendment does pertain to our present structure, and remind you that in the event that the Governor's bill that