

May 1, 1975

income tax. Of course as the other two people preceding me have pointed out, the tax will go up if and when our personal income tax rate goes. I believe that the present tie . . . or even if we would propose a slight raise in proportion, now it's 25 percent of the personal income tax rate. We might raise that to 30 percent or something like that. It should be blanketed. It should not be graduated for the reasons I have just stated. I would oppose the bill in present form.

PRESIDENT: Senator Frank Lewis.

SENATOR F. LEWIS: Mr. Chairman, I rise to support LB 123. I introduced the bill 166 to accomplish what Senator Dickinson wanted to do, at least part of it. It was a flat rate right across the board. The Revenue Committee, in their judgement, took 123. I compliment them for putting either one of them out. Certainly Senator Keyes' bill I can support. Let's talk a little about corporate taxes and taxes in general for a minute, if you don't mind. First of all, Senator Dworak is absolutely correct. Not very many people want to raise taxes on anything. I'm not enamored with the idea that the tax has to go up on individuals, either income or sales tax. Obviously, we need the revenue, or we have indicated we need the revenue. Let's take a look at the history of corporate taxes here in the last three or four years in Nebraska. First of all, as I understand it Nebraska is about the third lowest for corporate taxes now. Every time we have decreased the income tax, of course, the corporate taxes have gone down. They have gone from when we were at 15, and then 13, and then 11, and then 10. They have been reduced to below 3 percent now, which would indicate that the property tax . . . the corporate taxes just by the income tax attachment have gone down 33 percent. That's not the entire picture. The entire picture is this, also corporate taxes have gone down with the implementation of amendment 10. That provided for personal property tax relief. That bill now costs \$23 million. The income from corporations were about the same level, about \$23 million. It's assumed that a good 30 percent of that property tax relief went to corporations, which would again provide a net effect of somewhere in the neighborhood of \$8 million. I certainly don't blame the corporations if they would oppose this. I don't blame anyone when they oppose a tax. If we were to enact Senator Keyes' bill now corporate taxes in the State of Nebraska, total corporate taxes, would be less, far less, than they were 4 years ago. The problem is this, we have to address ourselves to it, that additional revenue is needed. No one wants to pay it. Someone is going to have to. I don't think this is unfair to corporations. This is not intended as a slap at corporations and say you can pay, and pay, and pay. Corporate taxes in Wisconsin are 12 percent and others. This bill is a modest one. This bill provides that they will be somewhere in the neighborhood of 3 1/2 percent. I think it's a reasonable approach. I think Senator Keyes has provided a reasonable approach to make sure that they're graduated. This makes sure that the small corporation, which as a general rule makes very little profit because they're usually individual corporations and by the time they pay out salaries and expenses there's little left, that the money will come from those who make the most profit. This is consistent with