

January 6, 1984

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refundable, it is simply deductible. So I would appreciate your support and be willing to answer any questions. Thank you.

SENATOR HEFNER: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, I would like to have your attention a little bit on this bill. My track record as a member of the Revenue Committee is fairly straightforward. It is a very rare day that I will vote out of committee any bill that I think is a basic tax expenditure bill because I don't like loopholes in the tax code and I don't like shelters and so on and so forth, but I voted this bill out. I voted it out on the basis of simple justice. From 1967 until 1976 the State of Nebraska allowed the very item that Senator Kilgarin is going after. From 1967 until 1976 the State of Nebraska allowed the very item that Senator Kilgarin is going after and we did that because our system piggybacks the federal system and the federal government from 1967 through 1976 allowed all families to expense, to show as an expense on their tax return, an expense against income, their costs for dependent care. So if a family had both people working and had to lay out money for child care for their children or for a handicapped adult or a handicapped child, they simply could deduct against their income their costs of care as an expense item. And because we piggybacked the federal system, because we piggybacked the system, then that same deduction was obviously allowed to Nebraska taxpayers who incurred that expense. In 1976, however, the federal government changed its way of treating this particular expenditure by our families. Instead of allowing it as a deduction against income, as an expense against income, to move from the gross income down to the adjusted gross income side, it decided to treat it as a tax credit. Now the Nebraska tax system does not piggyback the federal government on tax credits. We piggyback the federal government on tax liability but not tax credits. So when the federal government made the change in 1976 Nebraska working families with a dependent child or dependent adult lost this particular item as an adjustment against their income and they did not lose it by virtue of any action of this Legislature. This Legislature, this

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