

May 23, 1973

(Start Belt #6)

this half of the amendment then is lost. We'll move on to the con--the general--excuse me, the consideration of the second half then of the Carpenter amendment. Will the Clerk read that so we'll make sure -- please pay attention, the second half of the amendment.

CLERK: (second half of amendment read)

PRESIDENT: Senator Carpenter.

SENATOR CARPENTER: What this amendment does, it repeals from the existing law the requirement that you have a ratio between the sales and the income tax. Senator Budd (sp) when he was here, encouraged the Legislature to do that, I don't remember what the reason was now, to do that in order to stabilize the equalization between the two. Now as I understand the income tax, is it 20 now? Or 15? 15. It's 15 now and probably sometime in the near future we're going to raise the sales tax one which would mean we'd raise the income tax to 20. Now whether or not in your judgment there are fields of limitation to the income tax, I do not know. I think there ought to be because when we raise it high enough we're going to have a reaction which I think will defect many people and after all, if you get to a point of 20 or 25% of what you pay to the Federal Government on the individual basis, you're getting into an area in which you're certainly getting into a diminishing return. Now whether it's better for example, to do that and I'm not talking about the rich now because the in tax--income tax affects almost everybody who makes any kind of money from any source and if it doesn't now, bear in mind the Federal Government probably this year, is probably going to make a great deal of changes in the income tax as it now exists which will automatically affect the income tax in this State, particularly in the field of the individual's income tax. It seems to me there has to be a limit somewhere on the income tax in order not to discourage people any more than they are, to work for a living. Now you get into the equation, is it better to raise them equally and I do not know, depends how one feels about it I guess, but I think the people even those who have to pay more and there would be that class, would rather have the sales tax raised beyond what it now is rather than to raise the income tax. That's a matter that nobody can foretell for sure exactly what to do, but anyway as I recall, the ratio now is 5 to 1. Whenever you raise the sales tax you automatically raise the income tax by five points or five percentage points. That's what this does and I move for its adoption.

SPEAKER: Senator Syas.

SENATOR SYAS: Mr. Speaker and Senators. Better look this one over real good. It seems to me that what the Senator from Scottsbluff is doing, he's shifting more of the taxload on the sales tax people, the fellow that probably can't afford it. He may say that everybody pay sales tax which they pro-- I mean income tax which they--most every proud body does, that's probably true but the rates, I think this is, this type of thing will lighten the load on the real wealthy, shift it onto the less able to pay, the middle class, also he didn't mention and I don't know if it's in there or not--what does this do to the corporate income tax? Does let them or give them a reduction also? I think we better leave this thing