

March 26, 1974

landlord's property taxes. The landlords now have tax loopholes. They can accelerate depreciation thereby they ...reducing their property rental quickly. Then sell the property paying only the capital gains tax which is at one-half the normal rate. Then they can buy equivalent property with the proceeds and go through the same cycle of accelerating the depreciation, selling, and then paying half of the normal income taxes again. The landlords will get the great windfall profits from this bill and young married people who cannot afford the down payment on living quarters will pay those windfall profits indirectly to the landlords by using this state government as an instrument to get this done. This bill, if it becomes law, will cause a 40% increase in the sales taxes and at least a 40% increase in income taxes. It is when the laboring man sees the reduction in his take home pay that he will realize the effects of a 40% increase in income tax. It is when the laboring people have to pay a 40% increase in sales tax while at the same time realizing that some business enterprisers, their employers in many cases will pay absolutely no sales taxes on much of their business equipment, that the laboring people will become in my judgment very unhappy. They will have to pay extra sales taxes to make up for the reduction in the property taxes. Many employers will no longer pay and they will have to pay extra sales taxes and income taxes to make up for the sales taxes certain business enterprisers will not have to pay. This bill looks good on the surface but when the schools lose their local control, when the tenants are forced indirectly to pay the landlords taxes, when the employees in many cases will be paying employer taxes, and when the sales taxes are increased by 40% and income taxes by at least 40% then they are going to be a lot of unhappy people in the State of Nebraska. And I chose not to make the people in Nebraska unhappy. I'm going to push the red button against this bill not to override the Governor's veto.

PRESIDENT: Senator Frank Lewis.

SENATOR F. LEWIS: Mr. Chairman, I rise to support Senator Warner in the override of the veto on school aid. But I'd like to say just a few things. Number one, if Senator Whitney had all the concerns he just listed for you, I invite you to go back to last session and look at the state aid bill that he introduced. It solved none of those problems. The concern that Senator Whitney has in truly representing his district, of course, would be for more and more foundation money. That was the bill he introduced for the Governor last year. That provided straight foundation aid, \$20 million. That bill also had some things that had an adverse effect on local control....

(End of Belt 5A)

(Begin Belt 6A)

That was the lowest spending level last year...for schools. And let's talk about local control just a minute. First of all, we're kidding ourselves. If we don't think that this Legislature has to do what goes on at the local school district. Already you can talk in terms of certification of teachers. You can talk in terms of certification of schools whether they are approved or not approved. Whether