

which \$700 probably is not a great amount. However, they do not have expenses as the average working person has. They have Medicare and they have many other benefits. But as I reiterate again, you can have a very good income and still qualify under these guidelines and that's where I am objecting to. A person on retirement does not have usually the working expense. It's simply putting it over onto the back of the working person and as an example, I've had a number of letters from railroad people. A few years back the Tier II which is the second supplement of the railroad retirement over and above Social Security, is taxed. In fairness to the people that pay Civil Service tax which...considerably larger income, I think most in that classification would have to pay a tax under this bill, but back to the railroad retirement, the Tier II, the second stage of the tax benefits, are now taxed. As pointed out, one gentleman, my retirement has gone up very little. I think it was like \$120 in the last year. Simply because the Tier II was taxed now, it put him over the \$8,400 amount so the consequences of it is he is now having to pay \$1,912 a year tax. He now has to pay his property tax and he also has to pay some income tax on his Tier II. So that's a case, again, that's the law and it seems...I guess it's right really, he should pay tax on his second adjustment. If one group has to another one should, so he is now paying \$1,912 a year additional tax with no additional income. That's where your inequities are coming in at. I know there are few people on fixed income, but there are a mighty lot of them that both draw Social Security and so on and with their tax exempts, bonds, investments and so on, simply would be tax free under this particular bill.

PRESIDENT: Thank you, Senator Nelson. Is there anyone else that wishes to speak on this measure before Senator Labeledz closes? Senator Pirsch.

SENATOR PIRSCH: Yes, thank you, Mr. President. This was a matter of great concern to the Revenue Committee and it was some time before we passed out of committee and I do have some questions for Senator Lynch. I know he is very well informed on this issue.

PRESIDENT: He is the oracle of Douglas County here. Senator Lynch.

SENATOR PIRSCH: Is he around?