

easily I suspect what you are going to be doing is ending up abandoning the piggyback system and then, hence, incur all of the administrative costs that you're going to have in having a state income tax all by itself. There is no decision being taken away from the body. As I understand the bill would function when we are not in session. And, obviously, the Legislature would have the ability to make adjustments when they came back if that was deemed to be necessary. But what I really see the bill doing by those who are opposing it, and the reason I suspect they are opposing is that any group in the state that gains an advantage from the federal tax system kind of ensures themselves to maintain that advantage built right into the state system. Because we all know from history, since 1981 history, it didn't occur before 1981, that any change in the income tax rate caused by changes in the federal tax system is now defined as a tax increase. Now the first years that we had the current system we made adjustments more than once. It was done by the Board of Equalization, but nevertheless, there were adjustments made more than once because of changes in the federal tax code, and the state rate was adjusted accordingly. In order to provide stability it was recognized and understood to be exactly that. Unfortunately because of circumstances since 1981 that concept is no longer perceived. And I think it is well time that we restore that perception of fact that you need to adjust rates either up or down when the tax base is changed up or down by the federal government. With indexing becoming a factor you are going to have a hassle every year. And who knows what Congress is going to do. You are going to have a factor every year because there is going to be some impact, some shifting by virtue of the federal tax act. Then you are going to find it doubly difficult to deal with. I would hope that you would turn down the separation or the striking of this section of the bill. I would just as soon have a tax rate put in a separate bill. But I think this is a key measure to provide some stability from this point forward on state receipts, and takes absolutely nothing away, absolutely nothing away from this body as to how they might react. As a matter of fact, I suspect it is quite the reverse. It is that because if the rate is adjusted to hold the state harmless in receipts, and it is not harmless, you can still be short \$16 million, but if the rate is automatically adjusted, then it will force us to look at those federal tax code changes and the appropriateness of those changes for Nebraska, whereas without this bill the tendency will be not to look at it at all. And most certainly those who get the built-in advantage, from that federal tax code, will fight any change that might occur. So I would urge that...