

taxpayers weren't subjected to a terrible bump on April 15th of the year. Now you know Nebraska taxpayers today are going to have a terrible bump on April 15, 1986 for the reason that we never adjusted the income tax rate until November 1985. That meant that for all of 1985 the ordinary wage earner simply had withholding from his or her paycheck at the rate of 19 percent, not the rate of 20 percent. So when the ordinary wage earner goes to do his or her tax return on April 15, 1986, they have to pay at the rate of 20 percent, but the withholding has been done at the rate of 19 percent. Inevitably there will be far more underpayments of taxes, this year, then there would otherwise have been had there been a rate adjustment and a withholding adjustment much earlier in 1985. When it comes to federal law changes I'll tell you something, I really expect there to be significant federal law changes while we are not in session. The first chart that I passed out shows an analysis on the State of Nebraska of the effects of the current tax law changes that are before the Congress.

SENATOR LANDIS: One minute.

SENATOR V. JOHNSON: The first column shows the effect on Nebraska's income taxes of the president's plan for tax law changes, and the effect on Nebraska income taxes of the House plan for tax law changes. As you will note, in both instances our collections for our tax are expected to go down 9 percent. Now a 9 percent loss in our base would require us, if we were in session, to make a rate adjustment. But if we were not in session, the tax commissioner could make a rate adjustment simply to keep us on an even keel in terms of our revenue flow. LB 1142 does not represent a pernicious change, it gives the tax commissioner the ability to regulate in the cracks, it keeps us from coming into special session. We can always repudiate what the tax commissioner does in a regular session. I think it is a very responsible piece of legislation. I ask you to vote against Senator Johnson's amendment.

SENATOR LANDIS: Thank you, Senator Johnson. Senator Abboud, followed by Senator Haberman.

SENATOR ABOUDD: Mr. President, colleagues, I rise to support Senator Johnson's...Senator Rod Johnson's amendment. I think what this bill essentially comes down to is providing more money for state government because that has been the problem in recent years is the fact that the federal government hasn't been taking the business as usual approach in increasing the tax base of