

SPEAKER NICHOL: Senator DeCamp, then Senator Vard Johnson, please.

SENATOR DECAMP: I'll just call the question. Oh, I'm not supposed to call the question then. Somebody wants to talk, so I'll pass.

SPEAKER NICHOL: Senator Vard, please.

SENATOR V. JOHNSON: Mr. Speaker, members of the Legislature, I'd like to spend five minutes of educational time, if I could. This piece of legislation, LB 1142, is one of the most profound pieces of revenue legislation that you are going to hear this session. It is not worthy of a kill attempt. It is worthy of very careful consideration. It is worthy of advancement. Let me talk about Senator DeCamp's amendment. This piece of legislation is designed to protect our wonderful income tax system, and as April 15th approaches every member in this body ought to appreciate the beauty of our personal income tax system because each member here spends 10 hours doing his federal tax return, and then a half an hour doing the state tax return. The reason that you can do your state tax return in a half an hour is that all of the calculations that you have to do, you do on your federal return. Then when you do your state tax return you simply apply the 20 percent rate to the federal tax liability and you get the job done. But with the federal government making so many changes to the federal tax law we are discovering a lot of slippage in our state tax receipts. The only way that we can deal with that slippage, frankly, is to develop our own stand alone tax system. If we develop our stand alone tax system then not only will we have to spend 10 hours doing our federal tax return, we've got to spend 10 hours doing our state tax return. The transactional cost on Nebraska taxpayers, for a stand alone tax system, is too high. LB 1142 is designed to protect our half an hour state tax return, and it protects it by giving the state tax commissioner the ability to make adjustments to the state tax rates, i.e. to expand our base in the event that the federal government reduces our federal tax base. The amendment that Senator Warner and I have offered says this, LB 1142 is essentially designed to protect the personal income tax base, not the corporate tax base, the personal income tax base because historically our corporate tax rate is statutorily tied, it is one-fourth. Our corporate tax rate is one-fourth of our individual tax rate for corporations with income of \$50,000 or less, and it is 35 percent of the