

SENATOR V. JOHNSON: The rationale for not...in the first place the corporate will not be touched for one year. And the rationale is based on real observation. Congress has one more year left, that is the '86 year, to deal with the tax reform bills that are before it. At this juncture it would appear that under all tax reform legislation taxable income to corporations will go up fairly dramatically. Taxable income to individuals would decline. If this bill is...if LB 1142 is in place, as taxable income to individuals declines then our commissioner could raise that tax rate up on individual incomes. Because of the tie that currently exists between corporate tax rates and individual tax rates, that increase to the Nebraska personal income tax rate would result in an increase to the corporate tax rate. The corporations would then be subjected to an increase in the Nebraska tax rate as well as an increase in federal taxable income. It seemed that the better part of virtue was to simply leave Nebraska corporate tax rates where they currently are.

SENATOR HARRIS: Thank you.

SPEAKER NICHOL: Senator Vard Johnson, please. Then Senator Warner.

SENATOR V. JOHNSON: Okay. Mr. Speaker, members of the Legislature, I am rising in opposition to the kill motion. I think that Senator Hefner has made one point, and one point only, and that point is that we should not, this Legislature should not give the power to raise tax rates to any one individual. We should keep that power for ourselves. Now I want to respond to that in two ways. Number one, the power that we are conferring upon the state tax commission is a power to lower rates as well as to raise rates, so please do not believe it is simply a power to raise rates. It is a power to lower as well as a power to raise. Number two, the power is very finite in nature. It does not give the state tax commissioner the ability to alter rates because of changing economic times in Nebraska. It does not give the state tax commissioner the ability to alter rates because of the need to finance new programs, or the need to lower rates because we've cut back some programs. It simply gives the state tax commissioner the power to alter rates when the state tax commissioner finds that federal law changes, including indexing, are resulting in a change in income to our state of \$16 million or more. Now the \$16 million figure is not found in the bill. What is found in the bill is a change that is equal to or greater than 2 percent