

School Dean, Gary Schwendiman, was in error because he used a tax rate in 1981 that was not the actual tax rate. Actually what Dean Schwendiman used is he used an effective tax rate because he included within the actual tax rate a \$100 million surplus that we had. So if he started out from a higher based point, I do not think he was in error once I understood what his assumption was. Number two, Senator DeCamp says Tax Commissioner, Donna Karnes, was in error because she used a 16 percent tax rate as the base point when, in fact, the base point in 1981 was 15 percent. Donna Karnes has said that the newspaper misquoted her. You will find buried in the papers on your desk some material that I passed out a little earlier this morning which shows the actual calculations done by the Department of Revenue and you will see that those calculations reflected the 15 percent starting point. Number three, Senator DeCamp says that the correct tax rate Nebraska should have had in 1985 to maintain the same relative rate in 1981 is 19 percent. Senator DeCamp used a paper prepared by Don Tollefson, an accountant with an accounting firm in Omaha. Again, if you look at the material which I did hand out earlier this morning, our own Department of Revenue has very carefully calculated out precisely what the effective tax rate in Nebraska is or should be to maintain status with what we looked like in 1981 before the federal government made the big changes and that's a 20.4 percent rate. Number four, Senator DeCamp says Nebraska's income tax rates are already among the very highest in the United States and he passed out again a chart prepared by Don Tollefson. The chart that Mr. Tollefson has prepared is a chart reflecting the highest tax rates, the highest tax rates in the states. Now there is a very...there is a little secret about Nebraska's tax system and the secret is that because we are married to a progressive federal system whereas most states are not, we end up with a high rate on the top wage earners. The top wage earners have a high rate, it's we have a high marginal rate. So when one ranks the highest rates we come out high on the equation. However, when one simply examines the states' overall tax collections as a percentage of personal income, you will discover that somewhere on your paper I passed out a chart which shows that Nebraska collects \$1.60 in income taxes for every \$100 of personal income, that the national average is \$2.15 per \$100 of personal income and that Nebraska ranks toward the very bottom of states imposing an income tax with respect to income tax collections. Senator DeCamp says Nebraska's