

January 11, 1982

LB 753-763

EASE

PRESIDENT: The Chair recognizes Sergeant at Arms Ray Wilson.

SERGEANT AT ARMS WILSON: Mr. President, your committee now escorting his excellency the Governor of the Great State of Nebraska.

PRESIDENT: The committee will escort the Governor. The Governor of the State of Nebraska, Charles Thone.

GOVERNOR THONE: (Gave State of the State and budget address as found on pages 192-206 of the Legislative Journal.)

PRESIDENT: The committee will reescort the Governor out of the Chamber. The Speaker has recommended that we stand at ease for about ten minutes at this time. Then we will reassume our deliberation.

EASE

PRESIDENT: The Legislature will come back to order. The Clerk will read some matters into the record at this point.

CLERK: Mr. President, we've received some Attorney General's opinions, four to be exact. The first is from Attorney General's office addressed to Senator Haberman; the second addressed to Senator Beyer; a third addressed to Senator Haberman and a fourth to Senator Sieck. All four will be inserted in the Legislative Journal. (See pages 206-212 of the Legislative Journal.)

Mr. President, I have a report of registered lobbyists for the week of November 4 through January 8. (See pages 212-214 of the Legislative Journal.)

Mr. President, LR 201 is ready for your signature.

PRESIDENT: While the Legislature is in session and capable of doing business I propose to sign and I do sign LR 201.

CLERK: Mr. President, I have new bills. (Read by title for the first time LBs 753-763 as found on pages 214-217 of the Legislative Journal.)

PRESIDENT: We are ready to take up agenda item #6 which involves motions to suspend rules on some revisor bills and I am advised by the Clerk that there is one additional bill if you will add to your agenda, LB 592 after 664. Senator Lamb, are you going to make a motion to....

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LR 220
LB 753, 760

SENATOR CLARK: Would you like to respond? Go ahead.

SENATOR DeCAMP: Mr. President and members of the Legislature, as you can see, Senator Nichol has done the other half of our show here. I was deliberately to leave it out so he could stand up and point out the Panhandle is involved as he has properly done and now he can offer the amendment that clarifies that as we had agreed earlier.

SENATOR CLARK: Senator Wagner.

SENATOR WAGNER: Mr. Speaker and members, I rise to support the resolution and I would encourage anybody that had the time tomorrow to visit the veterans in these various hospitals across our state. I urge your support in adopting the resolution.

SENATOR CLARK: Is there any further discussion on the resolution? Senator Nichol, did you wish to amend it?

SENATOR NICHOL: Well, I don't know if I want to amend it. I am just I guess overcome with wonderment as to why we are doing this at this time. I love all the veterans. I love them that are in the hospital. I just wonder why we are doing this. I don't comprehend what we are doing, frankly.

SENATOR CLARK: Is there any further discussion on the resolution? If not, all those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted that wish to vote? Record the vote.

CLERK: 33 ayes, 0 nays on adoption of the resolution, Mr. President.

SENATOR CLARK: The resolution is adopted. We will now go to 604. We may be able to complete that before noon. Do you have anything to read in?

CLERK: Mr. President, Senator Lowell Johnson asks unanimous consent to add his name to 220 as co-introducer.

SENATOR CLARK: No objections, so ordered.

CLERK: Senator DeCamp would like to print amendments to 753 in the Journal and 760. (See pages 676 and 677 of the Journal.

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LB 589, 598, 614, 693, 741, 753,
757, 760, 821, 899, 908, 939

SPEAKER MARVEL: The bill is declared passed on Final Reading.

CLERK: Mr. President, if I may, I have a report from the Banking Committee on a gubernatorial appointment confirmation hearing.

Mr. President, I have explanation of votes from Senator Marvel and Senator Carsten.

Mr. President, your committee on Revenue whose Chairman is Senator Carsten instructs me to report LB 757 advanced to General File; 693 General File with committee amendments attached; 753 General File with committee amendments attached; 760 General File with committee amendments attached; 614 indefinitely postponed; 741 indefinitely postponed, all signed by Senator Carsten as Chairman.

Your committee on Urban Affairs whose Chairman is Senator Landis instructs me to report LB 899 indefinitely postponed; 939 indefinitely postponed; 821 indefinitely postponed; and 908 indefinitely postponed, all signed by Senator Landis as Chair.

SPEAKER MARVEL: Underneath the South balcony it is my privilege to introduce the daughter and son-in-law of Harry Chronister, Senator Chronister and the two people are Mike and Janet Casuscelli. Would you please indicate where you are so we can wish you "Good morning". And underneath the South balcony is a guest of Senator Barrett, Mr. Dale Kugler of Lexington representing the Northeast Stockgrowers Association. The next bill on Final Reading is LB 598.

CLERK: Mr. President, Senator Koch would move to return LB 598 to Select File for specific amendment, that amendment being to strike the enacting clause.

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Thank you, Mr. Speaker, members of the body, occasionally there are certain kinds of bills that move across the Board with considerable ease and fortunately there was enough debate this morning I had a chance to look at what LB 598 intends to do. It appears to be rather innocent but I want to give you the history. Last year you will recall Senator DeCamp, Senator Wesely had a bill in here on weatherization and increasing the severance tax on oil and gas and that bill would have made everyone eligible for weatherization and grants including

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LB 358, 611, 714A, 760, 816

Senator Landis and DeCamp would like to print amendments to LB 358. (See page 1263 of the Legislative Journal.)

New A bill, Mr. President, LB 714A offered by Senator DeCamp. (Read. See page 1264 of the Legislative Journal.)

Mr. President, Senator Hefner would like to have a meeting of the Miscellaneous Subjects Committee underneath the North balcony upon adjournment, Miscellaneous Subjects, North balcony upon adjournment.

Senator Kahle would like to print amendments to LB 611; Senator Schmit to print amendments to LB 760, Mr. President. (See page 1264 of the Legislative Journal.)

SENATOR CLARK PRESIDING

SENATOR CLARK: The next bill is LB 816.

CLERK: Mr. President, LB 816 was a bill that was introduced by the Revenue Committee and signed by its members. (Read.) The bill was read on January 13 of this year. It was referred to the Revenue Committee for public hearing, Mr. President. The bill was advanced to General File. There are Revenue Committee amendments pending.

SENATOR CLARK: Senator Carsten, on the amendment.

SENATOR CARSTEN: Mr. President and members of the Legislature, I move for the adoption of the committee amendment. At this point, Mr. President and members, I feel a little washed out and I say that in jest but it has been a long day with water bills and I think we're moving now into an area that we, everyone of us, have a deep concern and that is this distribution of the \$70 million governmental subdivision fund with which we have had so much problems. The committee amendments to the bill and I'm going to take them first and explain them. As amended it revises the distribution of the \$70 million state aid to local government fund. In addition to that \$70 million, \$12.6 million governmental subdivision fund is revised in light of the opinion, #182 of the Attorney General, January 25, 1982. The basic concept of the bill is to place the approximate amount of funds received by the counties, schools, cities and technical colleges into existing state aid funds received by those types of local government...

SENATOR CLARK: (Gavel.) Could we reduce the noise level, please so he can talk.

SENATOR CARSTEN: ...with the following exceptions. 1. Funds

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LB 756, 760, 854, 933

LR 261

adjustment, although that wouldn't be any in this one. It would only be those kind of changes in the total appropriation. Nothing relative to their take home pay, if I can put it that way.

SENATOR NICHOL: Okay, thank you.

SENATOR CLARK: Any further discussion on 756? If not, all those in favor of advancing the bill vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Record the vote.

CLERK: 31 ayes, 0 nays, Mr. President on the motion to advance the bill.

SENATOR CLARK: The bill is advanced. Now 933. Clerk would like to read in first.

CLERK: Mr. President, your Enrolling Clerk has presented to Governor, bills that were read on Final Reading this morning.

Senator Kahle would like to print amendments to 854 in the Journal.

Miscellaneous Subjects gives notice of gubernatorial appointment confirmation hearing.

Senator Carsten would like to print amendments to 760.

Mr. President a new resolution. Read LR 261. That will be laid over Mr. President.

SENATOR CLARK: Laid over how long?

CLERK: Mr. President, LB 933 was introduced by the Appropriations Committee and signed by its members. Read title of LB 933. The bill was read on January 19. It was referred to the Appropriations Committee. The bill was advanced to General File, Mr. President. There are committee amendments pending.

SENATOR CLARK: Senator Warner on the committee amendments.

SENATOR WARNER: Mr. President, members of the Legislature,

March 24, 1982

LB 967, 760

not probably come up again other than we'll be very keenly and pointedly reminded each time we do it and I think that is going to be a help.

SENATOR CLARK: Senator Labedz.

SENATOR LABEDZ: Thank you, Mr. President, members of the Legislature, before Senator Johnson got up I wanted to explain too, that the \$85,000 claim against the state by Douglas County and it was a court case filed on the unconstitutionality of an abortion bill that was passed by the Nebraska Legislature. The suit was brought forth by Women's Services and Ladies Center which are the two abortion clinics in Omaha. I appeared at Douglas County when they had a board meeting authorizing the payment of the \$85,000, objected then and unfortunately I still have it at home but I have a list of the charges of the \$85,000 and I will have that for you on Select File because some of it was simply outrageous, ten hours for lobbying the state senators here in Lincoln which had nothing to do with the case. I believe the attorneys at that time were lobbying here on another bill, yet they were charging it against a case that was being filed in court. At that time I do give the courts credit because their first claim was for \$123,000 and the court cut it down to \$85,000 which the Douglas County Board did approve and did pay and what they are asking for now is reimbursement from the state and the Attorney General did approve of that and I realize it has to be paid but because of my objections I will vote no on the bill as I did in committee when it was advanced to the floor. Thank you.

SENATOR CLARK: Any further discussion on the bill? If not, Senator Barrett, do you wish to close?

SENATOR BARRETT: I'll waive closing, Mr. President, and simply ask that the bill as amended be advanced to E & R Initial.

SENATOR CLARK: The question before the House is the advancement of 967. All those in favor vote aye, opposed vote nay. Have you all voted? Record the vote.

CLERK: 25 ayes, 2 nays, Mr. President, on the motion to advance the bill.

SENATOR CLARK: The bill is advanced. We will now go to the Revenue Committee priority bill order, 760.

CLERK: Mr. President, LB 760 was a bill introduced by the Speaker at the request of the Governor. (Title read.) The

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LB 760

bill was read on January 11 of this year, Mr. President, referred to Revenue for hearing. The bill was advanced to General File. There are committee amendments pending by the Revenue Committee.

SENATOR CLARK: Senator Carsten, on the committee amendments.

SENATOR CARSTEN: Mr. President and members of the Legislature, I move for the adoption of the Committee amendments. The bill in its original form was divided into three sections for the corporate tax and after the hearing and in our executive session our committee made the decision to make only two parts to it with \$50,000 being the dividing point. Those below \$50,000 would be 25% and those \$50,000 and over at 40% and that is what the committee amendment is. I do have then, as you recall, we had after that a second visit by the Governor and his revision of his plan along with his revenue measures and in light of that then, our committee had another action and I do have a second amendment to the committee amendments that I would like for the Clerk to read that one if he would at this time please.

SENATOR CLARK: We have an amendment to the committee amendments.

CLERK: Mr. President, Senator Carsten would move to amend the committee amendments. Senator Carsten's amendment is on page 1351. It would read as follows. (Read.)

SENATOR CLARK: Senator Carsten.

SENATOR CARSTEN: I would move for the amendment to the committee amendment and all this does was drop from 40 to 35, where the break for the 50,000 took place. It did seem that this presentation was more in order even though the Governor originally thought that the three step was better. We've had no real objection to it at this point and I would move for the adoption of the amendment to the committee amendment.

SENATOR CLARK: Senator Burrows, on the Carsten amendment.

SENATOR BURROWS: Mr. Chairman, members of the body, I oppose the amendment to the amendment which would reduce the 40% to 35%. We're speaking of a percentage of the individual liability and that is assessed against taxable income of the corporations. Presently with existing rates, Nebraska is forty second or forth third depending on how you figure it of forty-five states that have a corporate income tax. We are right near the bottom. The original bill with a 15% rate would have brought us to about midway, about twenty fifth,

right in line with the general taxation plans across the nation. Now a few of the states that have no tax such as South Dakota and then you look at Wyoming that actually have lower or no corporate income tax, they have not any place to really take in an industry. They don't have the choices. They are not choices for industry. Industry is not going to move to these places regardless if we tax it fairly. The 40% rate is not adequate to bring us in a general line in a national picture but I realize that to get above the 40% rate now would be unrealistic in this Legislature. But to reduce it again and go to a 35% rate, keeping far below the national average of corporate income tax take is really ridiculous in a year we are talking about budget difficulties, when we can't afford to fund, when we can't fund retardation and handicapped programs so that we have services for everyone. In a year we can't give any meaningful property tax relief, we are talking about giving the corporations a break and that we can't tax them unless they are willing to pay more taxes. If we do not really come close to matching an individual rate we are by tax policy saying we prefer corporations such as Prudential and the largest corporation, to the family farm, the Mom and Pop grocery store, the family owned filling station. Whenever you give the large corporation the break you are discriminating against the small business and farms and the workers of this state. Certainly I realize the arguments are very valid, that if we tax corporations too high they will move out of the state at a certain point but we are far below that point in our efforts to tax the largest corporations of this state. The argument is that it is a sales tax, that it will be passed onto the consumer. In some corporations this is true and we are already paying the taxes for Detroit when we buy automobiles, Michigan taxes and I think we ought to pass some of them back there. In those cases it's an export tax from the state and from the taxpayers of this state, from their standpoint, it's a very good tax. Let's retaliate for those that are tying that corporation tax back through to us. I think it's time we look at the tax system realistically because this is an income tax and it doesn't hurt the corporation that is in trouble. We're talking about over \$50,000 income, taxable income after all the bills are paid, after the corporate salaries...

SENATOR CLARK: You have one minute left.

SENATOR BURROWS: ...are out. I urge the body to reject the Carsten amendment to the committee amendments and let's have some money to do some things for property tax relief rather than give the corporations a break. It's more of the

trickle down theory of economics to let them go free from taxation and then take it up with sales tax and real estate taxes.

SENATOR CLARK: Senator Hefner.

SENATOR HEFNER: Mr. President and colleagues, I rise to support the Carsten amendment. The Revenue Committee worked long and hard on this issue. It was a hard decision for most of us. If you can recall or look in your bill book you will see that we sent this bill out with an amendment at 40%. I didn't approve of this but I agreed to go along because we needed to reach a compromise and get a bill to the floor. I think now that this 35% is a fair rate. I know there are still some corporations that are fighting it. They do not care to see it and, of course, I'm located in the northeast corner of the state. Some of the corporations up there said that if we raise our rate too high, they do not care to expand and some of them have even talked about moving into South Dakota. Of course, as you know, South Dakota does not have a state income tax. I did consider offering an amendment to drop the rate to 30 or 32½% but I think this is probably going a little bit too far and we would not raise enough money for this coming year. I think we have to be careful that we don't get this corporation rate too high so that these companies will expand in our state and will stay here and do business in the state. Many corporations in Nebraska provide a lot of jobs. They pay a lot of taxes and so I think these are all things that we need to consider. So I would urge you at this time to support the Carsten amendment.

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: Mr. President, I guess to get some insight as to which proposal is actually before us I wonder if...I tried to read the fiscal information in the bill book and I'm not sure it is the most current information. I guess I would have a question of Senator Carsten. I know he is busy with Ed Howard but...

SENATOR CLARK: Senator Carsten, will you respond.

SENATOR FOWLER: Senator Carsten, I may have missed the information but it would be...helpful for me at each of the rates that we're talking about to the corporate income to indicate what is the expected revenue to the State of Nebraska for next year? Now the rates are...the committee bill as amended is 40% and your proposal is to bring it down to 35% and then there is a 30% amendment that is being talked about. Now all these are premised on a 17%

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LB 760

individual income tax rate?

SENATOR CARSTEN: Yes, Senator Fowler, they are now. Originally when we started it was based on 15 assuming at the outset when the bill was introduced but these figures that we have now are based on the projected 17%.

SENATOR FOWLER: Okay, and what are the numbers...like, okay if the individual income tax is 17%, corporates 40%, what is the expected revenue next year?

SENATOR CARSTEN: 40% I do not have but it would be something over 20 million, 22 million possibly. 35% would be 19.4; 32% would be 13.9; 30% would be 9.7. That is the dollar amounts that the Revenue Department gave to us based on their most recent projections using ~~Cisco~~ Econometrics' projection in '82-'83.

SENATOR FOWLER: Now how much tax revenue have we lost because of the federal so-called Economic Recovery Tax Act?

SENATOR CARSTEN: I believe the Revenue Department has said something like \$11 million.

SENATOR FOWLER: Okay, we're placing not just the revenue that was lost but going beyond that. Is that...?

SENATOR CARSTEN: That would be correct, yes, sir.

SENATOR FOWLER: Okay, and is there any estimate as to how much corporate tax we're losing because of the downturn in the economy? Any ~~figure~~ or any number that you've heard?

SENATOR CARSTEN: No, I do not have any dollar information on that that we are losing from downturn in the economy. That would be, I assume, proportionately to the same thing as the individual but I have no figures on that.

SENATOR FOWLER: Okay, all right, thanks a lot.

SENATOR CLARK: Senator Vard Johnson.

SENATOR V. JOHNSON: I rise in support of the second committee amendment. The first committee amendment as you may recall is one that would have set the corporate tax rate at a 40% figure. That is the first committee amendment. The second committee amendment, the one that we're talking about this afternoon is one that would set the corporate tax rate at a 35% figure and this is the particular version that the Governor himself proposed when he spoke to us the other day. Now when we started out with LB 760, ~~the bill started~~ it with

the Governor's bill, the Governor's bill called for a tax rate which was 50% of the individual income tax rate for corporations that had an income, taxable income in excess of \$100,000 annually. Now that 50% tax rate was based, however, on the working assumption that the individual tax rate would be 15% and, thus, if we had an individual income tax rate of 15%, then the corporate community with incomes in excess of \$100,000 per year would pay 7.5%. It would be 7.5% of whatever that income was. That would be the tax they owed to the State of Nebraska. Well when the committee put together its first committee amendment, when it put together its first committee amendment which called for a figure of 40% of the individual income tax rate, we were already hypothesizing an increase to the individual income tax rate from 15% to 16%. So we realized that if we wanted to treat our corporate community fairly we ought to lower the corporate percentage of the individual income tax rate since we, in effect, were going to be adjusting the individual income tax rate upward. Now when the Governor spoke to us the other day he said unequivocally, we will have to have an individual income tax rate of 17%, and he said because it is without any question we're going to have to raise the individual income tax rate from 15% of federal liability to 17% of federal liability, then by the same token we need to adjust the corporate tax rate downward and he suggested it be adjusted downward to 35% of the individual income tax rate. Those adjustments, when they all are worked out, will generate for the State of Nebraska, almost identical dollars. There has been very little change in the total number of dollars that will be coming from our corporate brothers or sisters as the case may be to the state coffers. So by and large, there has been no major departure from the normative standards set by the Governor way back at the beginning of the session with LB 760. We're still really talking about the same number of dollars coming into the state treasury. Now one of the things that has happened to us is the Congress itself has dramatically altered the treatment of taxable income. It has provided the corporate community or actually the investor community with a new method of depreciation known as the accelerated cost recovery system. It has provided the corporate community with the ability to sell, in effect, tax losses. It has provided the corporate community with some major changes in charitable deductions. It has provided the corporate community a longer time to carry over or to carry back operating losses, with the effect that those changes alone are anticipated to cost the State of Nebraska this next tax year about \$11 million. So what this tax rate that we're now proposing does is it does two things. Number one, it makes up and then some for the anticipated losses resulting from the federal changes and, number two, it adds some new money, that is

money over and above what we would lose as a result of the federal changes. Now the amount of new money that we're adding from the corporate community will proportionately be about the same amounts of new money we're adding from the individual taxpayer if we go from a 15...

SENATOR CLARK: You have one minute left.

SENATOR V. JOHNSON: ...to a 17% tax rate. So to a large extent what we are doing with this particular amendment is we are saying to the corporate community, we are going to make up for those losses resulting to the state by reason of the federal tax changes and in addition we're going to make certain that you still continue to bear about the same proportion of responsibility to the state treasury as our individual taxpayers are bearing to the state treasury. That is where it stands. I think it is a respectable amendment and I think it is a responsible accommodation to the various competing interests on this matter and I would certainly urge the body to support the second committee amendment.

SENATOR CLARK: Senator Cope.

SENATOR COPE: Mr. President, members, a question of Senator Carsten.

SENATOR CLARK: Senator Carsten, will you yield, please.

SENATOR COPE: Senator Carsten, I got a letter from a rather large manufacturer in our area and he has some figures here and I wondered if you might know something about it. They don't sound quite right. In Colorado they say it's a 5% tax, Kansas - 6.75; Iowa - 10 and Missouri - 5. Now we mentioned South Dakota has no corporate tax and then he says the increase in Nebraska to 7½ is correct. Would you explain why we're talking about 35% and I'm sort of out in left field?

SENATOR CARSTEN: Senator Cope, in answer to your question, as you know we are piggybacked on the federal income tax...

SENATOR COPE: Yes.

SENATOR CARSTEN: ...is the way our system works. Many of these other states do not piggyback. They have their own income tax structure and to answer your question I guess we would have to look at the letter and examine it and pull out the information that we do have in the files on other states to answer your question correctly. But I would assume that it is because the difference is because they are not on the same structure that we are.

SENATOR COPE: I see. Okay, I'll give it to you. Thank you.

SENATOR CLARK: Senator Dworak.

SENATOR DWORAK: Mr. President and colleagues, I've been listening to the members of the Revenue Committee, Senator Johnson primarily, and if Senator Johnson, is he in the chamber?

SENATOR CLARK: Senator Vard Johnson.

SENATOR DWORAK: As I understand what he said, if I understand what Senator Johnson said and if I'm not correct, Senator Johnson, you can correct me because I certainly don't want to leave any false impressions but as I heard you say that if we were at 40% or when the committee was at 40% you were assuming a 16% personal income tax rate.

SENATOR V. JOHNSON: Yes.

SENATOR DWORAK: Now because the Governor said we need 17% the 35% level will raise about the same amount of dollars at 17% that 40% raised at 16%. Is that correct, Senator Johnson?

SENATOR V. JOHNSON: Yes.

SENATOR DWORAK: Is it also correct then, and I've heard rumors that we could well be at the 18% level, that that is not the remotest possibility in the world, and if we do go to the 18% level, then would 30% generate the same amount of dollars at 18 that 35 did at 17 and 40 did at 16? Is that correct, Senator Johnson?

SENATOR V. JOHNSON: We did not project it that far. I do have the figures on what 40% at 16% would generate and what 35% at 17% would generate and let me just give you the dollar amounts, Senator Dworak. At a 40% rate with a 16% individual income tax rate the amounts of revenues generated would be \$20.2 million.

SENATOR DWORAK: Yes, Senator Carsten gave us the dollar amounts and I did write those down and I did, kind of was curious to what would happen on the 18%. Now I have one other question and it has been three or four years since I've been on the Revenue Committee, in the 50-50 test between income tax and sales tax, is the corporate income tax a component of that 50-50 test or is that strictly... Maybe Senator Carsten can answer the question. Can you answer the question, Senator Johnson.

SENATOR V. JOHNSON: I wish I could but I cannot.

SENATOR DWORAK: Senator Carsten, the question is and again, it's been several years since I've worked with you, Senator Carsten, and I don't remember, is the corporate income tax part of the 50-50 test between income tax and sales tax? Do we figure corporate income tax into that formula?

SENATOR CARSTEN: Yes.

SENATOR DWORAK: Now will, with these figures that you've given us at 35 and 40, have you run that test on income and sales tax? Are we going to be in sync on that or are we also going to be triggering the sales tax increase because of the generated increase income off the income tax?

SENATOR CARSTEN: We have asked for that information from the Revenue Department but have not received it. I cannot answer that at this point.

SENATOR DWORAK: So then if we vote for this bill, for all we know at this point with the additional millions of dollars going to be generated, we conceivably could be voting for a sales tax increase. We don't know. Is that correct? We don't know.

SENATOR CARSTEN: That is true to a degree because of the uncertainty of the future. All we can do is use the projections that are the latest that we can get which are, as you well know, only guesses. You are correct in that point. It could or it could not. It is just hard to tell. If the projections are anywhere near accurate, who knows?

SENATOR DWORAK: Senator Carsten, I really sympathize with your committee, you know, without having that kind of information...

SENATOR CLARK: You have one minute.

SENATOR DWORAK: ...before you from the Department of Revenue. I think that's...I don't know how we can cast a vote and I don't know how you can make a recommendation solidly without knowing whether or not we're triggering an increase in the sales tax. Now just one other point, and I'm uncomfortable about this bill and I'm not kidding anybody. Some of the things that Senator Johnson said that justifies the increase of the corporate income tax such as Accelerated Costs Recovery Act, et cetera, some of the carryover provisions, I think specifically apply to only certain types of corporations and there are other types of corporations that aren't benefitting from this Accelerated Costs Recovery Act and also some of these other tax advantages being passed down by the feds. Now those corporations that haven't gained are going to get the same corporate tax increase

as the ones that have gained and we are going to create some real inequities between corporations.

SENATOR CLARK: Your time is up.

SENATOR DWORAK: Thank you, Senator Clark.

SENATOR CLARK: Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, may I ask a question of Senator Dworak, please?

SENATOR CLARK: Yes.

SENATOR HABERMAN: Senator Dworak, were you present on the floor the other day when we voted on the advancement of 816?

SENATOR DWORAK: I sure was.

SENATOR HABERMAN: Did you vote to advance that bill?

SENATOR DWORAK: No, sir, I didn't.

SENATOR HABERMAN: Thank you very much.

SENATOR CLARK: Is that all you have?

SENATOR HABERMAN: Because if he have said the other thing well we would have had a little debate but he did the right thing.

SENATOR CLARK: Senator Burrows, did you wish to speak again?

SENATOR BURROWS: Yes. Mr. Chairman, members of the body, I think there are some things about the corporate tax that really ought to be explained. The Nebraska corporation income tax is deductible from the federal income tax and for each dollar that we take out of the high income corporations forty-six cents of that really comes when it is a deduction against the federal return because the higher income corporations pay at a rate of 46% and since the payment to Nebraska becomes a deduction against the federal return it only costs the corporation fifty-four cents of that dollar. It is one of the places that we can take tax that does not rob purchasing power, in the case of that forty-six cents of the dollar, from the State of Nebraska whatsoever. When you take a tax from a moderate income person this does not apply, the lower income class in the state. When you take a dollar from that person a dollar goes out of circulation but when you tax the higher income corporations only fifty-four cents would be left in that corporation anyhow. So it is a beautiful place to lay off almost half that tax bite into the federal govern-

ment and since they are cutting the funds that are coming back and have decided they needed less revenues with their lower rates, I think it is the ideal choice in a system to pick up dollars without jeopardizing Nebraska's economy. Really I think we ought to look at what is fair in relation to the personal taxpayer and the 40% rate comes much closer to an equitable and fair rate for the larger corporations. They certainly would like to see it be less but I think Nebraska should tax corporations more similar, more like the individual taxpayer, and at a 17% rate, that 50% rate is only 8½% effective rate of the taxable income of the corporation. The 17% rate on the higher income personal taxpayer is also an 8½% rate so when we're at 40% we've already given them one whale of a break. Why go further than the 40% with the committee amendment and reduce to 35%? It is a good source of income. We're cutting down on a lot of needed programs. We're shoving money onto the real estate taxes and I think it is time that we bring the corporations in line. I understand all of the arguments that come in against raising the corporate tax and at a point they would have validity but they don't at the range of 35% and 40%. The higher tax is a much more equitable tax.

SENATOR CLARK: You have about forty-five seconds left.

SENATOR BURROWS: Thank you.

SENATOR CLARK: Senator Carsten, do you wish to close?

SENATOR CARSTEN: Mr. President and members of the Legislature, first of all I want to correct an answer I gave to Senator Dworak. The corporate tax is not, Senator Dworak, a part of that fifty-fifty test and in reality this corporate tax in itself would not trigger a sales tax increase. So I wanted to correct that first. It does appear, and I think Senator Johnson made the point that I did not make in my opening statement that our first reaction to this bill was at a time when we were looking at 16% and not 17%, and then after the Governor's presentation again it did appear, since the corporate is tied to the individual, that looking at 17% as the Governor was then proposing, that a slight reduction from what our original recommendation was was really appropriate and I believe it is. I think that it is realistic. It is more in line with where it should be and corporations are still going to be paying, at least in my opinion, their fair share and I would move for the adoption of the amendment to the committee amendment.

SENATOR CLARK: The question before the House is the adoption

of the Carsten amendment to the committee amendments. All those in favor vote aye, opposed vote nay.

ASSISTANT CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

ASSISTANT CLERK: 22 ayes, 3 nays on the Carsten amendment to the committee amendment, Mr. President.

SENATOR CLARK: The Carsten amendment is adopted. We have another amendment to the committee amendment.

CLERK: Mr. President, Senator Vickers would move to amend the committee amendments on LB 760 by inserting 30.

SENATOR CLARK: Senator Vickers.

SENATOR VICKERS: Mr. President and members, I didn't get involved at all in the discussion a little bit ago about going from 40 to 35 but I think a little bit of discussion as to the philosophy of what we are doing needs to be made. Now obviously Senator Burrows and a few other people think that corporations are having a real good deal right now and that we should increase those taxes. But I guess I just basically believe that corporations, especially the large corporations that we've been talking about, in the end don't pay taxes anyhow. I think the consumer of the products pays the taxes. Now there are, of course, exceptions if you are talking about a farm corporation such as the one I've got. We can't necessarily pass our costs along. On the other hand right now it wouldn't make a whole lot of difference what the income tax rate was either but I look at this from this perspective. I believe we're going to be in a situation where we're probably going to raise the income tax rate higher than 17%. I wouldn't be a bit surprised if it is 18%. I think many of us in here recognize that. It might even be a situation develop in the next not too far distant future when perhaps even the sales tax might have to go up a little bit. Now what happens then as a result if we raise corporate taxes very much is that, and I will use New Holland for example, their cost of doing business, which is what their taxes are part of, obviously will be added to their price that they are having to get from the products that they are producing which means that the farmers or the people having to buy those parts or those equipment are going to have to pay a higher price. Now if they have to pay a higher price then they are going to have to pay sales tax on that higher price. So in the end you have those people out there that may not even be making any money, actually may be losing money, but having to hang on and buy these products, having to pay taxation, double

taxation, if you will. Now I don't think that is right and I don't think that is fair. Now Senator Johnson indicated that lowering from 40 to 35, from 16% to 17% was about equal and he didn't indicate what it would be to go on down to 30 but I would guess that it is probably going to be about equal if you went to 30 and went to 18% which I think will probably happen. Now again from my perspective, there are several other reasons it seems that this Legislature shouldn't be in the business of raising corporate taxes very high. Do you remember just a year ago it was very important for this Legislature to grant a sales tax exemption to corporations that would come in and buy new equipment and set up business in this state. It was needed so that we would get those corporations in the state. Suddenly this year we seem to be in a position where that is not very important, where taxes aren't an incentive to get, to keep corporations in the state. A year ago it certainly was. This year it is not. I don't quite understand that either. I think that we're in a situation where those jobs that we have a number of people in this state, as you all know, unemployed and we need every corporation or every business in this state that we can possibly get. And when you look at the corporate structure, tax structure of Nebraska and surrounding states, there are some discrepancies and if we raise ours very much these discrepancies are going to be even worse and I don't want to be in that position. I don't think anybody else does. I'd rather be on the side that ours are lower than a few other states and obviously they are. I'd rather have them coming in from Iowa over into Nebraska, or from Kansas but I don't want them running over to Missouri or Colorado either. It seems to me that we need to take that into consideration as we look at this situation, but the bottom line again is we can set the tax rates on those corporations wherever we want to but in the end the consumer of that product, our own people in many cases, are going to be paying those taxes. So I would urge this body's adoption of this amendment.

SENATOR CLARK: Senator Koch.

SENATOR KOCH: Mr. Chairman, members of the body, I rise to support the amendment proposed by Senator Vickers. We often-times get correspondence on a lot of subjects in this body and I have had considerable from various businesses, large, small and medium sized. I believe that this amendment is reasonable and most of the corporations and people I have talked to personally and written to will accept what they believe is a reasonable one and they think 30% is reasonable. They are willing to pay their share but I remind you that the businesses today aren't as healthy as you think they are because I happen to be a part of a couple of them, and if

you think taxes are difficult for individuals they are also difficult for the corporates except if you are an unusual businessman such as oil or something of that nature, that might be a little different. But the normal businessman, the other night the Ralston area Chamber of Commerce was here. That is all they wanted to talk about when we visited privately was about the corporate tax and many of those businessmen are in the category of \$50,000 to \$100,000. Some of them may be somewhat higher than that. District 12 that I represent has a lot of businesses of this type. As a constituent and representative I believe that 30% is adequate. First of all in the past when we have rolled back tax, we rolled it back for individuals. Those people got the breaks and you know they did. I believe what we are about to do here today if we pass 760 in Senator Carsten's amendment or as the Governor proposed, we are going to make the corporates lawful prey from here on out for tax needs in this state. I have always been led to believe that when we levy a tax in this state under the revenue act that there should be as closely as possible income that is derived from income and corporate tax to be as close as possible to the sales tax and I happen to believe that the sales tax is one of the fairest taxes there is in this state with the exception of food tax because people buy according to what their salaries are what they can purchase. Last week I bought a new car. I was finally able to spend \$300 in sales tax and I'm going to. I want the people here to know that when I pay that tomorrow that it ought to make the coffers jump up a little bit and help us recover. But the point is we have been hodgepodging around taxes for so long that it just frightens me when I look at the mess we're in and I can't sit here in good faith and vote against the corporates when they employ the people. It is interesting, too, as I note those who testified for this bill, of all people Erv Chesen, Director of Economic Development. Well I know why he did because that is an appointment, but if we want economic development, then the best thing you do is you encourage corporates to stay in this state and start new corporate businesses in this state for the purpose of improving employment. At a time when it is difficult we should not be adding any more unnecessary tax on corporates than is absolutely necessary. Look at the unemployment figures in this state, for the first time over 6.2%. When corporates get to the point where their profits are going down, taxes are becoming excessive, in relationship to property taxes as well, then they have only one choice to do and that is to trim staff and forces and if those who are employed are then without a job, they then become part of unemployment compensation, et cetera. There is a real spin-off and I would

hope you would look seriously at the amendment offered by Senator Vickers and myself because most corporates said they believe that is reasonable. They would accept that as being reasonable and hope the state can recover some time in the future. I ask for the adoption of the Vickers-Koch amendment.

SENATOR CLARK: I have Senator Carsten, Senator Vard Johnson, Senator Dworak, Senator Newell, Senator Sieck and Senator Burrows. Senator Carsten is next.

SENATOR CARSTEN: Mr. President and members, I would object to the amendment and hope that you would not accept it. I believe that our committee has looked at this with realism and come up with what we believe is a reasonable, fair proposal. I suggest to you that if we do not accept the 35 figure that we are then seriously jeopardizing that portion of revenue or a portion of the revenue that is going to cover this next fiscal year's expenditures and corporations are not the only ones that are going to be hit, that the individuals are also going to be asked. I suggest to Senator Koch that if, as he said, individuals are making money they are going to pay for it. I suggest to you also that if corporations are making money, they will also pay. If not, they won't. It does seem like that we have bent over from the original quite a ways on corporations to the 35 and that it is reasonable and would hope that you would leave it there and not accept the amendment that is now before you. Thank you.

SENATOR CLARK: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, it would be nice if we did not have to subject the corporate community to any tax whatsoever because if we did not have to subject the corporate community any tax whatsoever we could then say that in no way that the State of Nebraska could create any impediment to job creation, to business development and to all the other good things that we think are necessary for our society. But so long as the State of Nebraska has an individual income tax which almost all other states do have, I think there are five that do not have an individual income tax, it is necessary for us to have a corporate income tax. Why? If we did not have a corporate income tax but only had an individual income tax then the methodology for avoiding taxation for individual earnings would be very simple to do. An individual could conduct virtually all of his or her affairs through the corporate structure and receive from that corporate structure a large earnings and the like without really being subjected to the basic individual income tax. So

you should start from the very basic theoretical construct that once a state has an individual income tax, it must have a corporate income tax. Now, what should the relationship be between the corporate income tax and the individual income tax? Well this state has traditionally established a relationship of about...of setting the corporate tax rate at a level which will generate to the state treasury about 25% of all income tax revenues with the remaining 75% being generated by the individual taxpayer. That structure of 25% corporate tax revenues and 75% individual tax revenues remained very strong through the mid-1970s but in the mid-1970s an interesting phenomenon occurred. That was, inflation ran away with it and what inflation did to the individual taxpayer is it meant that taxpayer got lots and lots of additional wages and earnings as the individual was keeping up, so to speak, with inflation and those wages and earnings kept moving that individual into higher income tax brackets at the federal level. Inasmuch as our state individual tax system is a proportion of whatever the federal tax liability is, we then began to generate inflation induced revenues and bracket creep revenues from individuals at a rate disproportionate to the revenues we were generating from the corporate community because their system essentially is nonbracketed. So by 1981 the corporate community was only contributing 20%, only 20% of the state's income tax revenues with the remaining 80% being contributed by the individual income taxpayer. So one of the things that the 35%, the new 35% tax rate for the corporate community does is it restores the historic balance that has existed in our tax law for a long period of time tending to bring the corporate revenues back into that 25% ratio as opposed remaining at a 20% or even lower ratio. If we were to accept Senator Vickers amendment and Senator Koch's rationale we frankly would continue to perpetuate a distortion caused in the late 1970s by inflation and bracket groups and I think that would be wrong. We would be asking our individual community to pay a disproportionate high portion of the total income tax revenues to the State of Nebraska.

SENATOR CLARK: You have one minute.

SENATOR V. JOHNSON: For that reason I think we should reject the Vickers amendment.

SENATOR CLARK: Senator Dworak.

SENATOR DWORAK: Mr. President, colleagues, I don't believe Senator Johnson really believes what he just said and if he does I can understand why he would be so supportive of this particular bill and opposed to this amendment. If I understood him correctly he said that you can conduct all of your

business through the corporation thereby avoiding individual income tax rates. I think anybody involved with the corporate structure knows that that absolutely isn't true because, in fact, to get money out of that corporation, not only have you paid the corporate tax rate, but then you are taxed on the dividends and then dividends are the only way you can get the money out of the corporation and you are taxed again on the dividends. Now one other way is of course through salary but then again you are taxed again on the individual rate so, in fact, you are taxed whether you take the money out by dividends or by salary. Of course a third alternative is to leave the money in up to a certain level and then you are hit or penalized with an excessive earnings tax so it is a three way negative shot to somebody that is trying to operate out of their corporation. Now I come from a community where we have a very aggressive industrial contact team and we really kind of like corporations and as a matter of fact, the bigger the corporation, the bigger business we are able to land in Columbus or Platte County, the better it is because our community pretty well knows that if that corporation is viable and profitable, that it's providing one heck of a lot of jobs and those jobs of course result in other economic activity, whatever purchases those workers want. I think it is a poor time to penalize corporations at a greater level. In fact, we just sort of are singing hosannas in Columbus right now that Behlen has finally agreed or in a position to put 300 workers that were temporarily furloughed back on the payrolls. I think this dramatically illustrates the point of how vital and how important these corporations are, these businesses are to the State of Nebraska and to our community. As a matter of fact I think I just got a letter from the diplomats where a trip to Minneapolis is being planned to try and lure corporations to the State of Nebraska. Now if we increase this corporate rate significantly I would dare say that that is going to be a negative thing in behalf of trying to lure these corporations back to Nebraska. In fact, on the floor of this Legislature just a year ago, Senator Labeledz was making trips to California trying to retain and keep another corporation in the State of Nebraska. So I think that the 30% amendment, even though I have real problems with increasing it to that level, at least it is the best game in town, the best game I can see right now, the best game before us, I'm going to support Senator Koch and Senator Vickers and let it be known that the representation from Columbus is certainly pro business, pro corporation and we like them.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Mr. President, members of the Legislature, I rise to agree with Senator Vickers and Senator Koch. We should not raise the corporate income tax unless we absolutely need to. I see that not as a statement but as a question, and to follow that rhetorical question the answer is, we absolutely need to. Individual income taxes have increased. They have been increasing as Senator Johnson said for quite some time due to bracket creep. We have also seen increases due to the economy that we are presently in and that is why the request for a corporate income tax increase by the Governor. Now let me keep a little bit of a context in terms of where we are at today in terms of taxes. There were quite a number of corporations in this state that benefitted from LB 518, an exemption of personal property. We also went through early in the Thone administration a reevaluation of property and that reevaluation basically increased property taxes for homeowners and individuals and reduced corporations which tend to be and which, in fact, are taxed more centrally. And so there was a shifting from corporations in terms of property tax to homeowners. It was fair, it was reasonable but it was an effect of the tax changes that we have seen in recent years. Now let me talk about where the corporate tax percentage is today. The Governor started out with a 50% tax proposal for corporations over 100,000. The committee, looking for a compromise and responding to the various corporations, cut that to 40%. The Governor made a speech and said I only want to raise so much money and we can do that with a reduction of the percentage. I have my own opinions about that but I will not offer them at this time, and then we cut...the committee got together and we cut that percentage to 35%. Let me say at the very same time we did that, the Revenue Committee prior to that action debated the cigarette tax and we had put that cigarette tax out at two cents and we said, you know, the Governor just made a heck of a speech and he says he needs the full four cents and we are going to give him the full four cents. We raised that proposal from two cents to four cents and raised for this state \$3.5 million. The next action of the committee was to talk about corporate income taxes and at that time we said, the Governor said he didn't need quite as much money and so that action, we cut the corporate income tax rate. The effect was \$3.5 million we just shifted. We just shifted \$3.5 million reduction to the corporations through a \$3.5 million increase to cigarette smokers and we don't have quite as close a relationship with cigarette smokers or with the average taxpayers as we have with corporations. They understand us. They call us. They talk to us. They are convincing. They are more your and I friends than the average taxpayer out there and so we tend to listen to them and that is exactly where we are at today. We have been listening to them. We have been listening to them and listening to them and we say to them, unlike any other taxpayer in this

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state or any other taxpayer in the nation we say to the corporations, folks,...

SENATOR CLARK: You have one minute.

SENATOR NEWELL: ...how much would you like to pay? And they say, less. Less than 50, less than 40, less than 35. Thank God, we stopped at 35 or else they would be asking for a reduction instead of the other but now we have a situation where we have a proposal to cut it to 30% because that is what the corporations feel they can pay. That would be fair according to them. Now I think that may be fair and I wish we didn't have to raise the corporate income tax, I wish we didn't have to raise the individual income tax but I want to ask you when you vote today to consider this. Are you giving the same personal consideration to the average taxpayer who will pick up the \$5 million out of income, out of personal income tax increases or through the sales tax? Are you giving them with this vote the same consideration...

SENATOR CLARK: Your time is up.

SENATOR NEWELL: ...you have been giving the corporations? Thank you.

SENATOR CLARK: Senator Sieck.

SENATOR SIECK: Mr. President, members of the body, I am also going to support the Vickers amendment. We talk about that the corporations are getting a tax break. Every time we increase their taxes who pays for it? The citizens of our state. It is a hidden tax. I like to be up in front. I like to know what we are paying and I also realize that our personal income tax is going up to 18% and that is actually going to increase the corporate tax automatically, somewhat. So I do feel and we want industry and in this day and age with our depressed conditions we are going to need businesses and corporations coming in here to set up factories so our people have jobs and I think this is a poor time to try to burden them with increased taxes. So I am really going to support this amendment. I think this is right and if we are going to pay taxes, let's pay it out in the open and know what we are paying. Thank you.

SENATOR CLARK: Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the Legislature, I'm really amazed at what is happening here with the voices of support of really the death of this bill because the 30% rate will not recoup the advantages the corporations are

already getting on the pass on of the federal reduction, the freebies that are in the federal bill from July '82 to July '83. If we go to 30% they will not be paying as much as they would have a year ago under the old law with the old federal law and the old rates on Nebraska tax. It is just that simple. We are taking a loss yet and not recouping what is being passed on by our attachment to the federal form. I can't understand the total discussion here of industrial corporations because banks are corporations. Insurance companies are corporations and when someone pays 18 and 20% interest someone receives it and the people that are rolling in most of the wealth today, that are benefitting the most in the system are actually getting a Nebraska reduction if we adopt this 30% amendment. It is not all industrial corporations that this applies to. It applies to the richest, the fastest money-making corporations in this state that will just loan their money out again at 17, 18 and 20% to the customers because they didn't pay their share of tax liability. It is Herbert Hoover, Ronald Reagan trickle down theory of economics. That is exactly what it is, that you let the rich keep more money and stimulate Nebraska's economy on the basis that they are going to provide more jobs. But what did the multinational corporations do the last couple of years with a lot of their profits? They shipped out \$25 billion a year to other nations in the world, much of that to build factories to displace American workers, to put American workers out of jobs. I think it is time we look at reality and keep some purchasing power back in the hands of the working people and the farmers and the small businesses of this state. In this bill, if you don't forget, going into this bill the old law read 27.5% of the individual rate. In this bill under 50,000 the rate moves downward to 25% which includes the largest number of corporations although they don't pay the big bucks in corporation tax. Now we are only going to balance that 2.5% difference with only a 2.5% increase on the over \$50,000 income corporations and I want to remind you when you talk about income of these poor corporations. They have paid all salaries out. They have gotten all the freebies that are possible on that tax return before you get to taxable income. It really amazes me today that I hear the volume of voices supporting moving again downward after all the disappointments I have experienced in the movement of this bill. I was proud of one action of the Governor when he introduced a bill this year to raise the rate to 50% of the individual rate which would have put a total par between the corporate tax and the individual tax. Then he scuttled back to 35%. That disappointed me but to move down to 30...

SENATOR CLARK: You have one minute left.

SENATOR BURROWS: ...and lose these revenues that are from the easiest source to pay it with 46% of that coming from the federal take because they will deduct the additional tax from the federal return. I plead with you that you reject this amendment which would actually scuttle the bill totally. It has some value yet but it is very limited. It is a nothing if you move down to 30% on that tax take.

SENATOR CLARK: Senator Vickers, do you wish to close?

SENATOR VICKERS: Mr. President, members, I've got a comment on a few of the comments that have been made by some of my colleagues. Senator Newell indicated that perhaps some of us have been listening to the corporations more than we have been listening to the people. I'll tell you quite honestly I've been listening to quite a few people and I believe if you ask the average citizen if they believe that corporations pay taxes, I think most of them will tell you, no, they don't think so. They think the people pay taxes. Senator Burrows indicated that some of the large corporations are moving out of the country, moving over...taking their finances with them. I guess the only one response to that is I wonder why. Maybe this is one of the reasons. You know, I think all we need to do is look at what the federal government has done the last few years and I would ask whether or not we believe that the Exxons and the Standard Oils and the Mobils are paying the windfall profits tax or if we are paying the windfall profits taxes at the pump? I personally think that we are paying those windfall profits taxes right there at the pump. I'll tell you who is being stuck with the windfall profits taxes if it is not those of us paying at the pump, it is those smaller corporations, those small oil producers out there in my area and Senator Clark's area that can't pass the cost along because they don't retail all the way to the pump. They are the ones that are being stuck with it but the large corporations that can go all the way to the retail level to the pump, you can bet your bottom dollar that we are paying for it and I think the same thing is true with corporate taxes in the State of Nebraska. As we raise the corporate taxes those corporations that might be in agriculture or some other business of that nature that can't pass the cost along, yes, they are going to pay for it. Those are the smaller ones. But those large corporations in this state, if we actually think they are going to pay those taxes and not increase their cost of operations as a result of it, I think we are whistling in the wind. I think the average citizen of this state buying those products are going to pay for it and for that reason I urge the adoption of this amendment and, Mr. President, I would give the remaining of my time to Senator Koch.

SENATOR CLARK: Senator Koch, do you want the remainder of his time? The question before the House is the adoption of

the Vickers amendment. All those in favor vote aye, opposed vote nay. Have you all voted? Record the vote.

CLERK: Mr. President, Senator Dworak requests a record vote. (Read record vote as found on page 1406 of the Legislative Journal.) 10 ayes, 29 nays, Mr. President, on the adoption of the Koch-Vickers amendment.

SENATOR CLARK: The motion failed. We are back on the Carsten committee amendment. Do you have any more amendments?

CLERK: I have nothing further to the committee amendments, Mr. President.

SENATOR CLARK: Senator Carsten, on the committee amendments.

SENATOR CARSTEN: I move the committee amendments as amended be adopted, Mr. Chairman.

SENATOR CLARK: The question before the House is the adoption of committee amendments. All those in favor vote aye, opposed nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: 31 ayes, 0 nays, Mr. President, on adoption of the committee amendments.

SENATOR CLARK: The committee amendments are adopted. Now on the bill. Senator Carsten. Do you have any more amendments to the bill?

CLERK: Yes, I do.

SENATOR CLARK: All right, let's take the amendments to the bill first.

CLERK: Mr. President, Senator DeCamp would move to amend the bill. The DeCamp amendment is on page 677 of the Journal.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, I put this in the Journal, I am going to guess close to two months ago and it goes with 33 and 41 and at that time I was trying to figure how to raise about, I don't know, \$13.5, \$14 million and then trying to figure out if let's say, the personal tax went up to about 18% which is where I guess I honestly think she is going to end up, what would be a fair match across the board and this

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is the numbers I came up with and it is the numbers I told the corporations I thought would be kind of fair to them, that they could live with and I think they might be ready to eventually. But I don't think the votes are here to do it today. I would say that I could see why InterNorth and I know InterNorth supported the other numbers. InterNorth could support the other numbers because if you are big enough in this operation, if you are a big enough corporation, you got a jim-dandy situation that just the average corporation in Nebraska doesn't have and that is the buying and the selling of the tax credits but you've got to be of sufficient size in assets and so on and so forth before that pays off like a slot machine and once you are in that category then it is awful easy to get real moral about how high the taxes for everybody else should be and that is about where you are. But at this point I am not going to offer the amendment. I am going to alert you that depending upon what the lay of the land is I may offer it on Select File and I think if you will check on it I think you will find it is more fair to the corporations and more even with where we are going to be on income tax but I know Senator Carsten wants to go at this time with the way he has got the bill. I will withdraw the amendment and suggest that you ought to check this one out.

SENATOR CLARK: The amendment is withdrawn. Another amendment.

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CLARK: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I move LB 760 as amended be advanced to E & R initial. Thank you, Senator DeCamp.

SENATOR CLARK: Is there any discussion on the movement of the bill? If not, all those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: 26 ayes, 2 nays, Mr. President, on the motion to advance the bill.

SENATOR CLARK: The bill is advanced. LB 753. Read something in, go ahead.

CLERK: Mr. President, very quickly, a new resolution, LR 269 offered by Senator Burrows. (Read LR 269. See page 1407 of

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LB 522A, 605, 714, 753,
754, 760, 761, 942,
966, 967, 970, 970A

SENATOR CLARK PRESIDING

SENATOR CLARK: The Legislature will come to order. The prayer this morning by Father Edmund Placek of the Sacred Heart Catholic Church, Burwell.

FATHER PLACEK: (Prayer offered.)

SENATOR CLARK: The state officers of the Knights of Columbus are here for the occasion of the centennial of the Knights of Columbus. I think they are going to see the Governor and have him declare it that. We also have three visitors from Australia. They are under the South balcony. David McConnell, Helen McConnell, and Marilyn Handley. Would you stand and be recognized please. Senator Lamb has 7 students from Newport, Nebraska grade school, Pam Peterson, the teacher, and they are in the North balcony. Would you stand and be recognized please? Welcome to the Legislature, all of you. Roll call. Could we all check in, please. We have the Benson Republican Women's Club in the North balcony. Would you stand and be recognized please? Welcome to you to the Legislature. The Clerk will record.

CLERK: There is a quorum present, Mr. President.

SENATOR CLARK: Are there any corrections to the Journal?

CLERK: I have no corrections, Mr. President.

SENATOR CLARK: Do you have any messages, reports, or announcements?

CLERK: Yes, sir, I do, a series of things. Mr. President, your committee on Enrollment and Review respectfully reports they have examined and reviewed LB 754 and recommend that same be placed on Select File; 522A Select File; LB 942 Select File with amendments; LB 966 Select File with amendments; LB 970 Select File; LB 970A Select File with amendments; LB 761 Select File with amendments; LB 967 Select File; LB 760 Select File; LB 753 Select File. Those are all signed by Senator Kilgarin as Chair, Mr. President.

Mr. President, your committee on Public Health and Welfare offers a report on gubernatorial confirmation hearing.

Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 605 and find the same correctly engrossed; and LB 714 correctly engrossed.

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LB 603, 693, 709, 757, 760,
761, 966

CLERK: Mr. President, Senator Beyer would move to indefinitely postpone the bill.

SENATOR CLARK: Go ahead and read some things in if you need to.

CLERK: Mr. President, very quickly your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 757 and recommend that same be placed on Select File and 693 Select File with amendments. (See pages 1451 and 1452 of the Journal.)

Mr. President, Senator Hefner would like to print amendments to LB 761. (See page 1452 of the Journal.)

I have a Public Health and Welfare report from Senator Cullan on gubernatorial appointments. (See page 1452 of the Journal.) Explanation of vote from Senator Stoney. (See page 1453 of the Journal.) Special Order item scheduled by Senator Lamb. (Page 1453 of the Journal.) Senator Cullan would like to print amendments to LB 966. (See page 1453 of the Legislative Journal.) Senator Beutler amendments to 709. (See page 1454 of the Legislative Journal.)

Mr. President, Senator Wesely and Clark would like to add their names as co-introducers to the Schmit amendment to LB 760.

SENATOR CLARK: I think Senator Beyer wants to withdraw that. Senator Beyer, do you wish to withdraw that? All right, it is withdrawn. We will take up the bill. Senator Cullan. It has been two hours and five minutes and we have done nothing on it. Senator Cullan.

SENATOR CULLAN: I think we have another motion coming.

CLERK: Mr. President, Senator Landis would move to indefinitely postpone LB 603.

SENATOR CLARK: Senator Landis.

SENATOR LANDIS: I believe it is up to the introducer as to whether we take this up at this time.

SENATOR CLARK: Do you want to lay it over?

SENATOR CULLAN: Yes, Mr. President, we will lay it over.

SENATOR CLARK: All right. There is two hours and five minutes gone. Now we are going to take up 208 that we had

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LB 208, 408, 602A, 753,
760, 761, 953, 953A

SENATOR CLARK: No, not that I know of.

SENATOR HIGGINS: Thank you.

SENATOR CLARK: I think we will stop right here. I think Senator Wiitala...well, he already announced the vote though. He was excused. The Clerk has some things to read in.

CLERK: Mr. President, new A bill, 602A offered by Senator Cullan. (Read LB 602A title.) 953A by Senator Schmit. (Read 953A title.)

Senator Schmit would like to withdraw his name as co-introducer of an amendment to LB 760. That is Request 2842, Mr. President.

Mr. President, Senator Schmit would like to print amendments to LB 953; Senator Koch to 761; Senator Landis to 753. (See pages 1458 and 1459 of the Legislative Journal.)

Mr. President, there will be inserted in the Journal a communication to the Governor from the Clerk regarding the delivery of LB 208. (See pages 1457 and 1458 of the Journal.)

SENATOR CLARK: Senator Wiitala. Senator Wiitala. Senator Wiitala, would you like to adjourn us until tomorrow morning at nine o'clock.

SENATOR WIITALA: Yes, Mr. President. I move that we adjourn until nine o'clock, March 30th, with reluctance.

SENATOR CLARK: You heard the motion. All those in favor say aye. Opposed. We are adjourned. I had to check the date to be sure he hadn't set it up a day.

Edited by:

Marilyn Zank
Marilyn Zank

April 5, 1982

LB 408, 760, 816, 967

SENATOR CLARK: The bill is advanced. We will now go to item five, Select File.

CLERK: Mr. President, if I may right before that, Senator Haberman would like to print amendments to 408 and 816.

Mr. President with respect to Select File, LB 967, I have no amendments to the bill.

SENATOR CLARK: Senator Kilgarin. The advancement of 967.

SENATOR KILGARIN: Are there E & R amendments?

SENATOR CLARK: No.

SENATOR KILGARIN: I move we advance LB 967.

SENATOR CLARK: You heard the motion. All those in favor say aye, opposed. The bill is advanced. LB 760.

CLERK: Mr. President, I have no E & R amendments, I...

SENATOR CLARK: The Call is raised.

CLERK: I do have an amendment from Senator DeCamp. On page 677 of the Journal.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, I'll withdraw that. They have settled on the committee amendments, this would cut a little more, I'll just withdraw it.

SENATOR CLARK: That amendment is withdrawn. The next amendment.

CLERK: Mr. President, I now have an amendment offered by Senators Wesely and Clark. It is referred to on page 1264 of the Journal. You will find it in your Bill Books, it is Request #2842.

SENATOR CLARK: Senator Wesely.

SENATOR WESELY: This is an amendment that was originally carried by Senator Schmit and there were some concerns that Senator Schmit had with the amendment that were brought to Senator Clark and myself. We have since revised the proposal to try and deal with some of those concerns. What the amendment would do is an attempt to try to provide an incentive

for businesses in the State of Nebraska to create new jobs. It is the job incentive amendment that was talked about a week or two ago. I passed out about three or four days ago a handout that showed how this system would work, however we have since revised the bill, as I said, and so this amendment would not quite follow that same logic. What we are talking about is this. The company would be in the State of Nebraska would provide some investment in their operation and they would at that time create jobs or in some way or another promote an expansion of their operation. We would then provide for them a tax credit which would make up for the investment that they made to try and create the jobs that we are talking about. Because of the fact that we are proposing a tax increase on corporations, we have been concerned about its impact on our corporate activity and whether or not they would be interested in expanding and growing and trying to provide more jobs. So the concern was that we probably ought to provide a special incentive that we would create for them a good tax break that would provide new jobs, that we would recover that tax break that we are talking about quite rapidly because of the fact that there would be more jobs, more people working, would be paying taxes and so it would be more than compensated. That is really the concept that we are talking about here. We do want to provide an encouragement to companies in the state to expand their operations and create jobs, especially in these hard times when so many are out of work. The feeling is that under the present situation we do need to provide some special incentive and we look to the State of New York which has a similar tax incentive job creation proposal that they have had in effect for some time. So we use that proposal then to transplant it here to Nebraska to suggest that that would be a good step to take for our state. So it is based on some experience and the experience has been a positive one, according to some people that talked to me. So I would ask for your support for the concept in trying to create jobs in the State of Nebraska by providing the tax incentive that we are talking about with this amendment. I would encourage your support for this amendment.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Mr. President, I would ask Senator Wesely, one of the problems with concepts Senator Wesely is that they are not very clear and when we are asked to vote on concepts they create some concerns. I would appreciate and I know that you are ready and prepared to give us more detail about this concept and so if you would do that I would appreciate it. I'll even let you have some of my

time to explain just exactly how this concept is to work.

SENATOR WESELY: Well there is a handout, I'm trying to find a copy of that for you to take a look at Senator Newell what but it would basically do is provide when a company would make an investment in their operation and that would create additional jobs, they would be able to recover that investment from the state by having that amount of their income taxes reduced, their corporate income taxes reduced. That is the fundamental concept. I have asked for the fiscal office to come back with an impact statement and we haven't been able to get that yet this has come up rather rapidly this morning. But as soon as I can check I'm going to try to see if they have that ready for us so we know what the impact is going to be.

SENATOR NEWELL: I have a question then. Just what kind of a credit are we talking about? Can you delineate that? Is it a 30% credit on what and/or 10% credit on something or can you tell me what you are doing?

SENATOR WESELY: Well actually the concept is supposed to be a full tax credit on the investment that you make up to a certain level and that is what we are trying to do, it is not a percentage, as I understand it.

SENATOR NEWELL: A full tax credit up to a certain amount on. . .

SENATOR WESELY: Off of your income tax, your corporate income taxes.

SENATOR NEWELL Thank you Senator Wesely. Mr. President, members of the Legislature, as you can see we are voting on a concept and I don't mind concept so much but I like to know some of the details. As you can also see we are also talking about well not exactly a percentage, a full credit up to a certain amount not to be specified. I suppose it is specified, we don't have a fiscal impact on this, we don't know how we exactly define definitions of this credit or how you would apply, etc., etc., and I think those questions really need to be answered before this Legislature to make that sort of decision. We did not hear this in the Revenue Committee. It has been floating around for about three weeks and the first draft wasn't very good as Senator Wesely said and the second draft isn't very understandable. So at this point I would ask this Legislature to be extremely cautious about just exactly what we are doing or at least require the introducers of

this proposal to be more specific and more clear about what we are doing, what its fiscal impact will be, how it will be applied, the extent of the credits, to what extent they will in fact provide new jobs or encourage new jobs, etc.

SENATOR CLARK: You have one minute left.

SENATOR NEWELL: Those are still questions that are unanswered. Those are questions that are greatly unanswered for me and I would think that the rest of the members of this body ought to have the same concerns.

SENATOR CLARK: Senator Kahle.

SENATOR KAHLE: Mr. President, I have concerns any time we talk about giving tax credits any more. I think that we have about given tax credit to the limit and yet our economy seems to keep right on going down any how, so I doubt if tax credits have a great lot to do with it. But I certainly couldn't support a bill that would not tie the exact number of jobs that might be involved to the credit, because we can hire a few people for a few days, receive the credit and then let them go. I wonder what we are talking about. Do we mean that if we allow this tax credit the corporation may hire some people back and make some minor adjustments in their facility that they already let go. So I think that we are just whistling in the dark on this issue as to what we are trying to do. Thank you.

SENATOR CLARK: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I rise with mixed emotions on this, I think most all of us in Nebraska agree with the concept but as Senator Newell has said and as Senator Kahle has said I think we are being asked to vote on quite a substantial piece of legislation here that has not had a public hearing. We do not know that much of the details of it as we need to know before we pass judgment and it would appear to me that inasmuch as we are facing a very crucial time, at the moment, and in this bill we are trying to provide some revenue to help ease the burden that we are now facing. It seems that we are tearing that away if we adopt this type of an approach. We are all in support of trying to get people back to work and all of that kind of concept, but I think this approach in this way is really being detrimental to that which we are trying to accomplish to face the issue for the day. I certainly would, at this point, urge you not to adopt this amendment.

SENATOR CLARK: Senator Schmit.

SENATOR SCHMIT: Senator Wesely, is there any method by which you can determine the fiscal cost of the bill, at this time?

SENATOR WESELY: That is what we asked the fiscal office to take a look at and we just haven't heard back from them yet since it has been. . . I guess they haven't had time to respond this morning.

SENATOR SCHMIT: Is there a. . . and I have not read the new amendment, does the new amendment specify how many jobs you need to create before you can receive a tax credit?

SENATOR WESELY: Well the amendment that is before you now does not, but there is an additional amendment that we can provide that would do that. We talk about five or more jobs, we talk about actual capital investment that would be more specific than what this amendment is.

SENATOR SCHMIT: Suppose that my corporation had a \$5,000 state tax liability and I would hire, would create a new job and hire one new person. What would be my tax forgiveness?

SENATOR WESELY: Well what you would do is you would take, if you had ten employees before and you added one, then you take about 10% of what your present corporate tax liability would be you said would be \$5,000?

SENATOR SCHMIT: What if I had one employee before?

SENATOR WESELY: Well then you get 50% back, if you doubled your. . . under this amendment as it is now written. So you get \$2,500 back.

SENATOR SCHMIT: What about a new corporation? That had no employees before and would have a \$5,000 tax liability and say three employees.

SENATOR WESELY: I'm not sure that this applies to new corporations, I'm not sure.

SENATOR SCHMIT: If it creates a new job.

SENATOR WESELY: I'm not sure that it applies.

SENATOR SCHMIT: You mean if a new business started up and created a new job it wouldn't apply, even though an existing business would get a tax forgiveness.

SENATOR WESELY: I'm not sure about that, let me check.

SENATOR SCHMIT: Thank you Senator Wesely. Senator Wesely, my sympathies as you know are with that type of an amendment, one of the reasons why I took my name off the amendment was there is some inconsistencies in the original amendment and some unanswered questions. I support what you are trying to do. I like the idea, but I really, frankly at this time do not believe we have the answers to those questions which I have asked you and without those answers I'm afraid that we are going to run into some problems, fiscally with the Governor's office and with the budget. I think perhaps like Senator Carsten says, it may be just a bit bigger bite than what we can swallow. I know of some specific industries that could hire some new people and create some new jobs that have come to me and asked for this bill or this amendment and I am sympathetic to them but I'm afraid that we do not have all of the loopholes closed and so at this time, although I would like to help you, I'm afraid I can't do it unless I have some different information.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Mr. President, members of the Legislature, I'm more certain now that we ought not do this than before. One of the provisions in here indicates that you shall not get the credit for more than ten years and in no case shall it be extended beyond that time. Now I...you know the federal government has offered some credits in the past, those credits are for the hard core unemployed or for certain other categories. This is (A) ~~is~~ too open ended, (B) not very specific, (C) no way to determine the fiscal impact. I urge this body to reject it.

SENATOR CLARK: Senator Wesely, do you wish to close.

SENATOR WESELY: Mr. President, members of the Legislature, I understand the concern about the amendment and I do understand that there are some unanswered questions. The reason we have tried to propose this amendment is concern about the present economic climate in this state. We are having so many unemployed individuals, we are having businesses that are closing down, we are having difficulties in trying to keep jobs available for individuals and the thought that we had is it would be important as we are talking about an increase in the corporate tax that we perhaps propose something that might encourage an increase in jobs and expansion of some of our businesses so that people can find work. This is a concept that was used in New York, we have tried

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LB 760, 753

to follow that and we have tried to work with some individuals and some businesses and they have been supportive of the concept. It has come up rather quickly because we weren't able to spend a lot of time on it preparing it, but I will tell you that we have tried to develop an amendment and that would provide for some incentive that I think is an important area right now in our present hard economic times. That is the proposal. I would ask your support. Understand the concerns and the questions but I think at this time we need to try to move forward and provide an incentive in an area that is so important to our state and that is to create jobs.

SENATOR CLARK: The question before the House is the adoption of the amendment. All those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: 3 ayes, 23 nays, Mr. President.

SENATOR CLARK: The amendment is not adopted.

CLERK: I have nothing further on the bill Mr. President.

SENATOR CLARK: Senator Kilgarin, to move the bill.

SENATOR KILGARIN: I move we advance LB 760.

SENATOR CLARK: The motion is to advance 760 to E & R Final. All those in favor say aye, opposed. The bill is advanced. 753.

CLERK: Mr. President with respect to...I have no E & R Mr. President. The first amendment I have to the bill is offered by Senator's Landis and DeCamp. It is on page 1459 of the Journal.

SENATOR CLARK: Senator Landis, amendment to 753.

CLERK: 1459, Senator.

SENATOR LANDIS: And if the Pages would pass this out if you don't want to find it in the Journal you can just take a look at this language here. This is a one year sunset for the cigarette tax. A one year sunset on the 4¢ and an admission

April 6, 1982

LB 933, 609A, 714A, 760,
967

PRESIDENT: All right, let's just do it, otherwise we are going to go on and on and on with this thing. Let's.... roll call vote, Mr. Clerk, proceed. Everybody is here now.

CLERK: (Read the roll call vote as found on pages 1691 and 1692 of the Legislative Journal.) 22 ayes, 21 nays, Mr. President, on the rule suspension.

PRESIDENT: The motion failed. All right, the Clerk will read some matters in.

CLERK: Mr. President, your Committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 609A and find the same correctly engrossed; 714A correctly engrossed; 760 and 967 all correctly engrossed.

PRESIDENT: All right, Senator Lamb, you want to take off until when now....how long do you want to recess till? 1:30, okay. Senator Lamb moves to recess then until 1:30. All those in favor signify by saying aye. Opposed nay. We are in recess until 1:30.

Edited by


Lavera Benischek

April 13, 1982

LB 378, 378A, 693, 760

pass. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on page 1850 of the Legislative Journal.) 30 ayes, 18 nays, 1 excused and not voting, Mr. President.

PRESIDENT: LB 378 passes on Final Reading. The next bill on Final Reading, Mr. Clerk, is LB 378A.

CLERK: (Read LB 378A on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 378A pass. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on pages 1850-1851 of the Legislative Journal.) 31 ayes, 17 nays, 1 excused and not voting, Mr. President.

PRESIDENT: LB 378A passes. The next bill on Final Reading, Mr. Clerk, is LB 693.

CLERK: (Read LB 693 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 693 pass with the emergency clause attached. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on pages 1851-1852 of the Legislative Journal.) 44 ayes, 3 nays, 1 excused and not voting, Mr. President.

PRESIDENT: LB 693 passes with the emergency clause attached. The next bill on Final Reading, Mr. Clerk, is LB 760.

CLERK: (Read LB 760 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 760 pass with the emergency clause attached. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on page 1852 of the Legislative Journal.) 38 ayes, 10 nays, 1 excused and not voting, Mr. President.

PRESIDENT: LB 760 passes with the emergency clause attached. The next bill is LB 966, Mr. Clerk.

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LB 378, 378A, 693,
750, 966, 967

ASSISTANT CLERK: (Read LB 966 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 966 pass with the emergency clause attached. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: (Read record vote as found on page 1853 of the Legislative Journal.) 30 ayes, 18 nays, Mr. President.

PRESIDENT: The motion fails. The bill fails to receive the sufficient constitutional majority to pass with the emergency clause attached. The question now is, shall LB 966 pass without the emergency clause attached. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on page 1854 of the Legislative Journal.) 29 ayes, 17 nays, 2 present and not voting, 1 excused and not voting, Mr. President.

PRESIDENT: LB 966 passes without the emergency clause attached. The next bill on Final Reading, Mr. Clerk, is LB 967.

CLERK: (Read LB 967 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 967 with the emergency clause attached. All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read record vote as found on pages 1854-1855 of the Legislative Journal.) 44 ayes, 0 nays, 1 excused and not voting, 4 present and not voting, Mr. President.

PRESIDENT: LB 967 passes with the emergency clause attached. Do you have some things to read in at this time, Mr. Clerk?

CLERK: Mr. President, the bills passed on Final Reading are now ready for your signature.

PRESIDENT: While the Legislature is in session and capable of transacting business I propose to sign and I do sign LB 967, LB 378, LB 378A, LB 693, LB 760.

SENATOR CLARK PRESIDING

SENATOR CLARK: We are now ready for item #5, Select File, special order # 816.

LR 212, 266, 268, 269, 272, 274, 277,
278, 287, 292, 293, 295, 298, 304,
313, 316, 331, 359, 380, 388, 389
LB 278, 378, 378A, 480, 568, 602A,
604, 629, 629A, 669A, 688, 693, 708, 760,
835, 909, 967, 522, 212, 212A, 255, 255A

April 16, 1982

RECESS

PRESIDENT LUEDTKI PRESIDING

PRESIDENT: Has everybody recorded your presence?
Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President. Mr. President, I have a reference report from the Executive Board referring a gubernatorial appointment. (Page 1971 of the Legislative Journal.)

Mr. President, new resolutions. LR 388 offered by Senators Cullan and Newell. (Read LR 388 as found on pages 1973 and 1974 of the Legislative Journal.) Mr. President, 389 offered by Senator Wesely. (Read LR 389 as found on page 1974 of the Legislative Journal.)

Mr. President, I have an Attorney General's Opinion addressed to Senator Koch. That will be inserted in the Journal. (See pages 1974 through 1976 of the Legislative Journal regarding LB 602A.) That is on LB....Bingo, that is right, senator.

Mr. President, I have a message from the Governor addressed to the Legislature. (Read message. Pages 1976-77 of the Journal regarding LB 669A.)

Mr. President, two other communications from the Governor addressed to the Clerk. (Read communications regarding LBs 278, 378, 378A, 480, 568, 604, 629, 629A, 688, 693, 708, 760, 835, 909, 967. Page 1977 of the Journal.) A second letter to the Clerk, Mr. President. (Read letter regarding LBs 609, 609A, 669, 714, 714A, 854, 854A. Page 177 of the Journal.)

Mr. President, I have a gubernatorial appointment of Mr. Robert Borgmann to the Motor Vehicle Industry Licensing Board. (See page 1978 of the Journal.)

Mr. President, the bills that we have read on Final Reading this morning are now ready for your signature as well as the resolutions that were passed Wednesday of this week by the Legislature.

PRESIDENT: While the Legislature is in session and capable of transacting business I propose to sign and I do sign LR 212, LR 266 and LR 268, 269, 272, 274, 277, 278, 287, 292, 293, 295, 298, 304, 313, 316, 331, 359, and 380. And the LBs are engrossed legislative bills 522, 212, 212A, 255, and 255A. Okay, as I understand it we