

May 5, 1975

of \$25,000 composed 16% of all the corporations that year. This 16% contributed 92% of the total tax paid.

SENATOR KELLY: Is that all the statistics you have on corporate earnings in Nebraska?

SENATOR KEYES: No, I have all kinds of them but that's the one that tells you how much was paid and who paid the tax?

SENATOR KELLY: 16% of the corporations are \$25,000.

SENATOR KEYES: With incomes over 20,000...yes, the corporations with incomes over \$25,000, 16% of all those who filed in that year, 16% contributed 92% of the taxes.

SENATOR KELLY: Now what would be the percentage of the corporations in Nebraska over \$100,000?

SENATOR KEYES: I couldn't tell you. Perhaps you have the information.

SENATOR KELLY: No, I don't have the information but I would expect it to be gigantic. Thank you very much, Senator Keyes. Ladies and gentlemen of the Legislature, recognize that the individual tax rate that we set in Nebraska is set on the individual's responsibility for federal taxes. It is not in relationship to his income, only as his deductions are available to him from the federal government. Now in a corporation tax, this is set on the whole taxable earnings of the corporation. The carrots that the United States government give to business to provide for social activities in our society, Nebraska does not recognize these. The tax that the corporation pays is on their whole earnings. We are out to get the big boys, so Senator Keyes says, but he doesn't know who the big boys are. He doesn't know what the average corporate income in Nebraska is. He has no idea how many corporations are involved over \$100,000 worth of taxable earnings. He has no idea how many corporations are involved in a million dollars of earnings or over. But I submit to you that a \$75,000, 100,000 taxable earning corporation in this day and age and in the very near future, the next one or two or three years, is small business. It is small business by the definition of the United States government and it is small business according to business as it exists. Is that this bill is completely unrealistic and just think, we are quite sure we are going to change the individual income tax rate probably from 10 to 13. And Senator Keyes bill, under this proposition in one full swoop, and I say this again and I can prove my arithmetic with whomever wants to do it. You do your own and if you don't get that answer, you are wrong. It is 233% in just one jump, and now recognizing, furthermore, that a corporation that does earn \$100,000, the very first thing they do is spend \$50,000 of that with Uncle Sam. Now we tax them on the basis that they got \$100,000 and they haven't. They have got \$50,000. So whatever you are talking about in the ability to pay, you must double the relationship of the taxes of a corporation to the individual and then remember that if this corporation is a dividend paying corporation, we will say it will pay out 50% of its result in earnings, this again is going to be