

SENATOR MARVEL: Senator Maresh, do you yield?

SENATOR MARESH: Senator Hefner, I didn't hear the question.

SENATOR HEFNER: What will happen to us if we don't pass this bill?

SENATOR MARESH: I understand the employers would be paying the...the employers would be still paying this fee or the rate but they wouldn't be able to deduct it from their income tax.

SENATOR HEFNER: In other words, we would be paying it on the \$4200 instead of the \$6000 base?

SENATOR MARESH: I imagine so. I'm not sure. That wasn't explained to the committee unless somebody else on the committee would understand otherwise. Senator Murphy, can you answer that question? I'm not sure about that, which rate would be used.

SENATOR MURPHY: Senator Hefner, when you get in the latter part of the year, you get your federal return which is computed at 3.7 and you are allowed to deduct the states rate up to that 3.7 whether you have paid it in cash or not. If you...

SENATOR HEFNER: 2.7?

SENATOR MURPHY: 2.7 but you would be allowed to deduct that rate if the state is not in compliance, then you will be compelled to pay the full tax with the service charge included to the federal government regardless of what you have paid to the state. The federal government in addition to that would no longer return that portion of it which you are paying to them that the Department of Labor utilizes here in Nebraska as their own operating fund. It would require that you pay in full to the federal government your 2.7 rate and it would be against the same \$6000 irregardless.

SENATOR HEFNER: OK, thank you Senator Murphy. In other words, then we are forced to pay this. If we don't, then we'll be charged for it double as I see it. Also, I see now they are charging subdivisions of government for this unemployment compensation. I don't know but I think the time has come that we have to stand up and tell the federal government that we are not going to comply with some of their laws. Thank you.

SENATOR MARVEL: Senator Kelly and then Senator Koch.

SENATOR KELLY: Mr. President, members of the Legislature. Question of Senator Maresh.

SENATOR MARVEL: Senator Maresh.

SENATOR MARESH: Yes, Senator Kelly.

SENATOR KELLY: Senator Maresh, where will I find that 4.7 rate? What page are we on?

SENATOR MARESH: It's in the committee statment but in the bill, i can't find it right now.

SENATOR KELLY: Mr. President, 4.7 is not now Nebraska law and it is not now in any way mandated by the federal government.