

individual tax rate for corporations with incomes of \$50,000 or more. It is statutorily tied to our individual tax rate. We say given that tie, given that tie, and knowing what Congress is doing this year, and what Congress is doing this year is it is increasing corporate taxable income, decreasing personal taxable income that, under the operation of 1142, what would happen is that the tax commissioner would adjust the individual income tax rate upward to protect our state tax base. Because of the tie it would naturally adjust the corporate tax rate upward, and the corporations of Nebraska would be affected with a double bite, a double whammy, they would get a taxable income increase at the federal level, because that is the direction Congress is moving, and in addition, by operation of 1142, they would get an increase in rate in our state. So we say for this one year only we ought to eliminate that tie, we ought to eliminate that tie between the individual tax rate and the corporate tax rate so that our corporate community does not get a double whammy, because we can see what is happening in Congress. But we are not prepared to eliminate that tie for all time. That tie, of 25 percent and 35 percent, was writ in stone in 1967 and it's basically been held inviolate, it's basically been held inviolate. Senator DeCamp would eliminate that tie permanently, that's what his amendment does. It is premature to eliminate it permanently. Maybe in subsequent years we will make that decision to eliminate it permanently. But it should not be done at this juncture. What should happen at this juncture is we should remove the tie for the '86 tax year, and that is what the Warner-Johnson amendment does. We should remove that tie, and then advance LB 1142. I absolutely guarantee you that in the absence of LB 1142 from our statute books we will subject our taxpayers, in the next two to three years, with a tax system that will be complicated, increased transactional costs, will be hated, will have lots of loop holes, new loop holes, will be very porous, and will be a failing system as has been the case in most other states.

SPEAKER NICHOL: Time.

SENATOR V. JOHNSON: Oppose the DeCamp amendment, please.

SPEAKER NICHOL: Senator Warner, please. Then Senator Smith.

SENATOR WARNER: Mr. President, I want to make just clear one other point. It is not directly on the DeCamp amendment, but it certainly affects the whole thing. The issue keeps coming up, was introduced as a practical matter, the base year, I guess,