

adopted.

SPEAKER BARRETT: You have heard the motion to adopt the E & R amendments. All in favor say aye. Opposed no. Carried. They are adopted.

CLERK: Mr. President, Senator Langford would move to amend the bill. Senator Langford's amendment is on page 1620 of the Journal.

SPEAKER BARRETT: Senator Langford, please.

SENATOR LANGFORD: Mr. President, members, I guess it is customary to get up and say it is a very simple amendment, and it is. If you look at it, it is just a few words. In theory what it does is to grandfather tax free bonds, municipal bonds, they are known as, even though it does cover other tax free bonding. The reason is because usually tax free bonds are purchased by older people because they have no growth potential. Your interest rate is lower but it gives a stationary income for people who are planning for their retirement. Now this year people in the geriatric set are having a very bad time. Number one, they have to pay tax on half of their social security. They have lost one exemption, and now the State of Nebraska wishes to tax the rest of their income that is going to keep them off the dole. This bill simply allows them to hold the bonds that they have now that are out of state, not Nebraska municipal bonds, without being taxed. So I ask your vote for the old folks. Thank you.

SPEAKER BARRETT: Thank you. Discussion on the Langford amendment? Senator Vard Johnson, Senator Nelson, on deck.

SENATOR V. JOHNSON: Mr. Speaker, members of the Legislature, I rise in opposition to Senator Langford's amendment. Senator Langford would have this Legislature grandfather from income taxation all municipal bonds issued by municipalities and other governments outside of Nebraska before September, 1987. Now, a majority of states imposes state income tax on municipal obligations issued outside of those states. Thus, for example, the State of Iowa imposes an income tax on municipal obligations issued by governments in Nebraska. What we are doing with our legislation is saying to the State of Nebraska, we will similarly provide, we will similarly tax income from obligations issued by municipalities in other states. I think the body will agree with the policy. The question comes, what about the bonds