

the corporations in this state have been the prime beneficiaries of the personal property tax exemptions. Since the change, since the redistribution formula, it has been beneficial to offer this proposal to raise the corporate income tax to replace those lost revenues. They have been a prime beneficiary of the exemptions and they should now help pay a little bit, a very small portion, only ten percent increase in the corporate tax. Now the corporate tax in this state is remarkably low. We have one of the lowest corporate income taxes of any state in the union. So, a modest 10% increase in the corporate income tax rate will raise six million dollars and it is justifiable in terms of the fact that personal property tax is not being paid on business equipment. That is the first thing. It also sets up a fund which is now, instead of 70 million goes to 76 million because of that six million dollar corporate income tax increase. We also set up a formula for distributing these dollars. The way we do that is simply this: The very first year we move the valuation. The purpose here is simply valuation tends to ameliorate any negative benefits from the shift from our present pay back formula. There will be very few counties that will be substantially. . . . lose revenue under 691 or under this amendment which is basically 691. Very few counties will lose revenues. In 1981-82 it is straight valuation. In 1982-83 it is ten percent, ten percent population, 90% valuation, 10% population. In '83-'84 we move up ten percent a year until we get to a fifty-fifty split in the determination of how these dollars are reapportioned back to the counties. Simply what this does is in a gradual way it moves us to where we were in 1968 when we set up the governmental subdivision fund which is basically a fifty-fifty formula. Now we did that when Nebraska Legislature was far more rural than it is today. That was fair in the 60's, that will be fair in the 80's and in the 90's. What this bill will do in effect is going to make a long term a long term solution out of the pay back formula and help this Legislature, keep this Legislature from dealing with this issue each and every year. Also we have in this bill a automatic growth factor. That growth factor, unlike 882 as it is presently constituted, is one based on valuation. It is an encouragement for local subdivisions to keep their values accurate and as high as they possibly can. This will keep us from having the problems we had in recent years with the re-evaluation. The way we do this is we say we look at last years valuations, state wide valuations, any increase state wide and we add whatever that percentage of increase is to the fund. Now, Senator Dworak might want to add his motion to the motion that he and I offered before, it is up there and I would accept that motion, so it becomes