

the Governor's bill, the Governor's bill called for a tax rate which was 50% of the individual income tax rate for corporations that had an income, taxable income in excess of \$100,000 annually. Now that 50% tax rate was based, however, on the working assumption that the individual tax rate would be 15% and, thus, if we had an individual income tax rate of 15%, then the corporate community with incomes in excess of \$100,000 per year would pay 7.5%. It would be 7.5% of whatever that income was. That would be the tax they owed to the State of Nebraska. Well when the committee put together its first committee amendment, when it put together its first committee amendment which called for a figure of 40% of the individual income tax rate, we were already hypothesizing an increase to the individual income tax rate from 15% to 16%. So we realized that if we wanted to treat our corporate community fairly we ought to lower the corporate percentage of the individual income tax rate since we, in effect, were going to be adjusting the individual income tax rate upward. Now when the Governor spoke to us the other day he said unequivocally, we will have to have an individual income tax rate of 17%, and he said because it is without any question we're going to have to raise the individual income tax rate from 15% of federal liability to 17% of federal liability, then by the same token we need to adjust the corporate tax rate downward and he suggested it be adjusted downward to 35% of the individual income tax rate. Those adjustments, when they all are worked out, will generate for the State of Nebraska, almost identical dollars. There has been very little change in the total number of dollars that will be coming from our corporate brothers or sisters as the case may be to the state coffers. So by and large, there has been no major departure from the normative standards set by the Governor way back at the beginning of the session with LB 760. We're still really talking about the same number of dollars coming into the state treasury. Now one of the things that has happened to us is the Congress itself has dramatically altered the treatment of taxable income. It has provided the corporate community or actually the investor community with a new method of depreciation known as the accelerated cost recovery system. It has provided the corporate community with the ability to sell, in effect, tax losses. It has provided the corporate community with some major changes in charitable deductions. It has provided the corporate community a longer time to carry over or to carry back operating losses, with the effect that those changes alone are anticipated to cost the State of Nebraska this next tax year about \$11 million. So what this tax rate that we're now proposing does is it does two things. Number one, it makes up and then some for the anticipated losses resulting from the federal changes and, number two, it adds some new money, that is