

SENATOR NEWELL: Mr. President, members of the Legislature, I rise to agree with Senator Vickers and Senator Koch. We should not raise the corporate income tax unless we absolutely need to. I see that not as a statement but as a question, and to follow that rhetorical question the answer is, we absolutely need to. Individual income taxes have increased. They have been increasing as Senator Johnson said for quite some time due to bracket creep. We have also seen increases due to the economy that we are presently in and that is why the request for a corporate income tax increase by the Governor. Now let me keep a little bit of a context in terms of where we are at today in terms of taxes. There were quite a number of corporations in this state that benefitted from LB 518, an exemption of personal property. We also went through early in the Thone administration a reevaluation of property and that reevaluation basically increased property taxes for homeowners and individuals and reduced corporations which tend to be and which, in fact, are taxed more centrally. And so there was a shifting from corporations in terms of property tax to homeowners. It was fair, it was reasonable but it was an effect of the tax changes that we have seen in recent years. Now let me talk about where the corporate tax percentage is today. The Governor started out with a 50% tax proposal for corporations over 100,000. The committee, looking for a compromise and responding to the various corporations, cut that to 40%. The Governor made a speech and said I only want to raise so much money and we can do that with a reduction of the percentage. I have my own opinions about that but I will not offer them at this time, and then we cut...the committee got together and we cut that percentage to 35%. Let me say at the very same time we did that, the Revenue Committee prior to that action debated the cigarette tax and we had put that cigarette tax out at two cents and we said, you know, the Governor just made a heck of a speech and he says he needs the full four cents and we are going to give him the full four cents. We raised that proposal from two cents to four cents and raised for this state \$3.5 million. The next action of the committee was to talk about corporate income taxes and at that time we said, the Governor said he didn't need quite as much money and so that action, we cut the corporate income tax rate. The effect was \$3.5 million we just shifted. We just shifted \$3.5 million reduction to the corporations through a \$3.5 million increase to cigarette smokers and we don't have quite as close a relationship with cigarette smokers or with the average taxpayers as we have with corporations. They understand us. They call us. They talk to us. They are convincing. They are more your and I friends than the average taxpayer out there and so we tend to listen to them and that is exactly where we are at today. We have been listening to them. We have been listening to them and listening to them and we say to them, unlike any other taxpayer in this