

that income exempt from federal tax.

SPEAKER BARRETT: One minute.

SENATOR HALL: The state tax is a bonus. The state tax exemption that we previously had was a bonus, and it was taxed in 45 other states. For Nebraska to now go back and say we are going to exempt those bonds I think would be a mistake, and I would urge the body to reject Senator Wehrbein's amendment to Senator Chizek's education bill. Thank you very much, Mr. President.

SPEAKER BARRETT: Thank you. Senator Moore, please.

SENATOR MOORE: Senator Wehrbein, just for the record, I was listening to your introduction of this and just so this morning this body knows exactly what it is, this amendment is, it obviously has little or nothing to do with the situation surrounding tuition assistance. You are talking about correcting a perceived problem that we created when we passed LB 773, but just, I am assuming the cost of this amendment is the same as LB 629?

SENATOR WEHRBEIN: That would be my best estimate. That was done for Senator Schmit's bill, yes.

SENATOR MOORE: And so that, just so the body is aware, we are talking about a \$3.5 million impact here this morning on this amendment to the state. If we pass this amendment, potentially, we are talking a potential cost of \$3.5 million in decreased revenues in ensuing years, correct?

SENATOR WEHRBEIN: Well, I will speak to that later, but actually it will be declining as these bonds fade away. You see the time has already passed on them. They are being taxed from January 1st, 1987 on. This simply makes those prior, so, obviously, they will grow less. This is one bill that is going to contract, rather than expand.

SENATOR MOORE: Okay, well, just maybe I am appearing today in a neutral fashion. I just want to make sure the body is aware this amendment carries a \$3.5 million price tag in its first year. I think the body should be aware of that and think about that as it considers it.