

SPEAKER BARRETT: The bill is advanced and the call is raised. The Chair would like to take a moment to introduce a friend of the family of Senator "Cap" Dierks, Mr. Bob Sweet from Oshkosh, Nebraska, who is a medical student at Omaha and also a constituent of Senator Dennis Baack's, under the north balcony. Bob Sweet, please, take a bow. Thank you. We're glad to have you visiting us this morning. LB 437, Mr. Clerk.

CLERK: 437 was introduced by Senator McFarland. (Title read.) The bill was introduced on January 13, referred to the Revenue Committee, advanced to General File. I have no committee amendments, Mr. President.

SPEAKER BARRETT: Senator McFarland, please.

SENATOR MCFARLAND: Thank you, Mr. Speaker, fellow Senators, LB 437 is a bill that would amend the Employment and Investment Growth Act commonly referred to here in the body as LB 775. It would amend it in this way and I'll just read the statement, I had an introducer's statement. It would not allow taxpayers to claim incentives, refunds or tax credits under the act, LB 775, if there are a number of employees at the end of each year of the entitlement period is less than the number of base year employees. You'll recall that the LB 775 credits are usually distributed on a seven-year cycle and they have a...they report in the initial year or the base year what their employment is at that time. This bill, LB 437, if passed, would apply only to applications filed on or after January 1 of 1989. It would not apply retroactively to the people and corporations that have already had their applications approved by the Department of Revenue in 1977 and '78. The intent of the bill is to prevent companies from reducing existing jobs while still claiming incentives and credits under the act. Although companies are required to qualify under the act, there is no provision to prevent a reduction in the current workforce. The problem with LB 775 with regard to loss of jobs became very apparent a few...a year or two ago with the Mutual of Omaha situation. As you all know, in 1987 LB 775 was debated very thoroughly on the floor of this Legislature and the primary argument that was used for its advancement was that this act is going to create jobs in Nebraska. There is an incentive to job creation and if you create 30 jobs and invest \$3 million you can get tax credits for that purpose and it was jobs...sold as a jobs creation bill. What wasn't mentioned as often was that there was also a provision in the bill that allowed you to get \$20 million, or to