

have a difficulty competing. I think Senator Schmit mentioned that this morning in his comments about the per employee benefit under 270 as compared to the per employee tax credit under 775. There's a drastic difference. In isolation I might, you know, I would have to look at LB 270 and this...LB 335 very closely. But it isn't in isolation. If we are going to maintain and perpetuate a tax giveaway like LB 775, then it seems to me only appropriate that LB...bills like LB 335 and LB 270 and LB 1124, before it, be given consideration and also be enacted and passed, because small businesses are in competition with large corporations. Believe it or not large corporations are able to use 775 to, in effect, in some cases drive small businesses out of business. I'd refer you to an article that appeared in the March 27, 1989, editorial page, I think this was of the Lincoln Journal, maybe some of you saw it. It is in apaise or dissent, LB 775 may be the wrong handle. I'd just like to read to you from that because it compares the situation of IBP moving into Lexington and what that impact that had on the number of jobs in that community and the businesses in that community. It says it is not until you add up all the costs, as well as benefits, that the full picture emerges. The IBP plant proposes for Lexington, proposed for Lexington, offers an example of how incomplete accounting can distort the LB 775 advantage. To piece together the full picture of economic impact means that we have to ask different questions from those asked by the advocates of 775. Yes, the Lexington facility will create 1,300 jobs, but do they represent a net increase in the jobs in a way that really benefits the state? The answer is no. It turns out there is already more slaughter house capacity in Nebraska than there are cattle, in fact present estimates indicate that at least 25 percent surplus capacity in the state. A large conglomerate, like IBP, with its proposed Lexington capacity, will drive out the local packers who are not that well financed. This is an already established industry trend. Since this group with smaller plants also employ a substantial number of workers, people whose jobs will be displaced, the net effect of the Lexington plant may be a wash, so IBP reaps the benefits of LB 775 while Nebraska gains very little in the form of new jobs. LB 775 is a flawed concept. The recent study that rated Nebraska very low in economic development, they asked Mr. Horowitz, the report director and former tax policy analyst from New York City about why 775 wasn't taken into account in their ranking of Nebraska on the economic development scale, and he said, we don't think it's good policy. I've crafted many a tax credit bill and I've never seen one of them that worked. It