

bill. The bill, as introduced, would make a number of changes to the income tax system as we adopted in LB 773 in 1987. It would do, one, it would lower the tax rates for the middle two brackets by lowering them from 1.0 to 9.8 and from 1.59 to 1.52, and those are the 3.15 percent to 3.09 tax rate, and 5 percent to 4.8 tax percent rate. The second change was that it would allow 100 percent of the federal credit for the elderly or permanently and totally disabled, and would be allowed to be credited against your Nebraska income tax. Currently it's up to 50 percent, so it would double and allow for 100 percent of what the federal income tax system currently allows. Thirdly, the bill would allow a credit of 25 percent of the federal child dependent care tax credit. And, fourthly, it would raise the personal exemption from the current \$1,130 to \$1,180 for 1990, and it would index the exemption amount to the inflation rate thereafter. The committee amendments would strike two of those provisions. They would strike the provision with regard to the lowering of the tax rates and they would strike the provision that would raise the personal exemption that was in the original draft of LB 739 as it was introduced. The committee felt that the provisions that were introduced in the original version of 739, that dealt with the federal child and dependent care tax credit, was something that was very much needed, and sent the appropriate message, and that the increase in the elderly credit, to 100 percent of the allowable federal rate, was also something that the committee felt was necessary. The bill, after amendments, would be reduced from the original introduction level of approximately \$19 million, just under \$19 million, to just under \$7 million. So the committee amendments strike approximately a little over \$11 million in the total package as was introduced on behalf of the Governor by Speaker Barrett. The...Just to explain a little bit of the committee discussion on the issues, the two provisions that were stricken from the bill, that of the reduction in the tax bracket, and the personal exemption, other committee members, I'm sure, will express their own interest and their own personal beliefs on those, but the majority of the committee felt that there was, at this time, not a need to make the changes in our brackets as they currently exist. We also felt that the personal exemption was not of a large enough amount that it was necessary to do at this point in time. We had had these discussions only two years ago, the committee, I was not a member of it, dealt with those in detail and explained those in detail on the floor here to the entire body. They were passed and adopted by this body in the form of LB 773 in 1987, and were