

that system more equitable and fair and reduce the tax increase that resulted from it. This amendment attempts to deal with the inequities of the new tax system in a way that is both reasonable, rational and, I think, revenue neutral. That term has been much abused with the passage of 773. As I recall that bill was supposed to be revenue neutral. But, in fact, we're attempting to, with these changes in the tax rates, accomplish a tax shift without the sort of reduction in revenues that are anticipated under this bill, and then taking the money from that and putting it into higher personal exemptions, which will be offered when we get to the final version of the bill. So, let me go through what this amendment does, and summarize it for you. In contrast to the Governor's proposal, where she would reduce the rate for taxable incomes from 3,000 to 28,000, from 3.15 to 3.1, and from 28,000 to 45,000, from 5.0 to 4.8, those are in agreement with this amendment. But the difference is when you get to the 45,000 to 90,000 taxable income range instead of reducing that from 5.9 to 5.5 percent, this amendment would maintain the rate at 5.9 percent, and instead go to a bracket above \$90,000 of income and increase that rate from 5.9 to 6.5 percent. What this does, if you look at the handout that I have, there is a three page handout, the first page is the actual amendment, the second page is a summary of the rate changes, and the third page is a chart from the fiscal office that shows what happened with the passage of LB 773. What that shows is that overall there was a tax increase, as I said before and have argued that point since about a year ago, that overall there was a tax increase. But even worse than that, it was a much greater tax increase and shifting of the burden onto the middle income taxpayers of this state, and in fact for higher income individuals it either was not an increase, or a decrease in taxes. And we're trying to get back to the equity and progressivity of the original tax system that we had before the passage of LB 773. What we're doing is recognizing that for that income bracket, 45,000 to 90,000, rather than reducing their marginal tax rate, as the Governor would propose, because they already received some benefit under 773, rather than giving them an additional benefit we maintain them at the current rate, and instead go to the higher income individuals, those are individuals over \$90,000, who got a tremendous tax reduction under the passage of 773, under their tax liability, and provide a slight increase, from 5.9 to 6.5 percent. This is some people refer to it as a super bracket concept. But in essence what we're trying to do is recognize the tremendous tax shifting that occurred with the passage of 773. Yes, there was a tax