

we went to the same standard deductions at the state level that the federal government had and, of course, I and Senator McFarland have had legislation to move toward the state personal exemption to be the same as the federal exemption. But in order to move in that direction and to be able to afford to do that, we're taking a smaller step than we would like to, but still it would be better than not having this sort of increase that we're proposing because right now LB 739 only goes from \$1,130 to \$1,180, far short of the \$2,000 goal that we should have. This proposal would raise it up to \$1,400, still short of that \$2,000 goal but much more of a tax relief, much greater tax relief than is proposed under this bill. Now in order to raise that personal exemption that high and to keep within the \$27 million tax relief figure that the fiscal office said was a tax increase, we do also provide for in this bill a super bracket, that is for incomes over \$90,000 for a married couple. We would go from 5.9 to 6.5 percent which is a very modest increase, again, in my estimation for those individuals. If you recall, the handouts that we had back the last time we debated this issue, you'll recall that the high income taxpayers of this state received tremendous tax reduction in their rates from what they were before and they have benefitted greatly from LB 773. To bring some equilibrium, some progressivity back to the income tax structure, the better course of action is to raise that higher income bracket slightly and then to raise also the personal exemptions to allow all these taxpayers the advantages of the tax relief we're talking about here. It is the better, fairer, more reasonable tax relief program than what the Governor is proposing. Now, again, I emphasize to you the irony of the timing of this issue. At the very moment we're speaking the forecasting board is meeting to determine what our revenue forecasts are going to be and, lo and behold, I'll make a real simple guess that they're up. And the question is, how much again of that increase is the economy and how much of it is the tax increase that we experienced with LB 773? And what you'll find is that I think there will be some information today that will indicate that the \$27 million figure that I have still may underestimate the extent of the tax increase. If you recall, the actual tax increase was closer to \$40 million and then we did provide \$10 million of tax relief last year in the standard deduction increase and then there was an increase in taxes on bonds that is anticipated to not continue and so that reduces another 3 million. So that brings us from the \$40 million figure to the \$27 million figure and it's that \$40 million figure which I've maintaining was the level of tax increase