

level it's \$2,000. It would increase it to the \$2,000 amount. With that change, that is the first change. The second change is it adjusts...it therefore has to adjust the rates. If you have a higher exemption, if you're getting \$2,000 for personal exemption on the state return, just like you're getting on the federal return, then it adjusts the rates for the various brackets, and the rates are more progressive than the rates that are in the current bill. And you can see the comparison. Now you look at it and it says, tax year, the rates go up a little bit. The rates do go up, but when you figure in you having a larger exemption, the net effect of it is that the middle income people get tax relief, and then the higher income bracket, those people with 90,000 or more adjusted gross income, they get a higher rate, they then are paying the more progressive rate that we had before we passed LB 773, and in effect you are getting a more progressive, a more fair and equitable system. Often I've heard from constituents and people across the State of Nebraska on the tax relief issue. Their comments to me have been, if you're going to provide tax relief, give the tax relief to the people that paid the tax increase. Let me repeat that. If you're going to give tax relief, give the relief to the people that paid the tax increase under 773. Now, this bill in its present form doesn't really do that, it makes some minor adjustments in the personal exemption level, it changes the brackets a little bit, and it gives a child care credit. It's like a hodgepodge of materials, and it throws in a little bit of the elderly as well. It's like a...cooking stew or something, you throw a little bit here and a little bit there and a little bit everywhere and you say, boy, we're benefiting everybody. The fact of the matter is it's benefiting the majority very little. It is symbolic only. The net effect of it will not provide tax relief to the people that paid the tax increase. This amendment, on the other hand, will provide the direct relief to the middle income people. It is targeted to provide tax relief to middle income Nebraskans who were hit with a tax burden under 773. One of the other things it will do, it will simplify the system because you will have not only the state standard deduction equivalent to the federal standard deduction, you will also have the state personal exemption equal to the federal personal exemption. The way the current law is it's discriminating against families, because families, the more children you have the more personal exemptions you have, the more state taxable income you have because your personal exemption level on the state income tax is less than your personal exemption on the federal. So, in effect, if you can