

SPEAKER BARRETT: Thank you. Senator Hall, would you care to discuss the McFarland amendment?

SENATOR HALL: Thank you, Mr. President, members. As Senator McFarland stated, the amendment that he offers to 739 was brought to the Revenue Committee in the form of LB 783. The committee heard testimony and opted not to advance the bill but to indefinitely postpone it. It was clearly explained, I think, by Senator McFarland. And it is an issue that I think does exactly as he said with regard to the progressivity that it does have in the brackets. I will leave it up to the body whether or not they feel it's something that we should make a switch at this point in time. The Revenue Committee did not endorse the proposal and chose to kill the bill as opposed to advance it. But it does provide for the increase in the standard exemption, which is then offset by the increase in the brackets. As well as the additional fifth bracket being raised, the fourth and the third are also increase. And it would provide for a reduction in revenue. It would not return any money, as LB 739 does not, but it would provide for a decrease in the amount of money that would be raised through the income tax system. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Wesely, would you care to discuss the amendment? Senator Wesely, on the amendment.

SENATOR WESELY: Thank you. Mr. Speaker, members, I would rise in support of the McFarland amendment. It does move again toward greater equity in the tax system adopted under LB 773. It also provides for higher level of tax relief than is provided under this bill, and both are needed. I would also like to share with you that the forecasting board has met, and the forecasting board has adjusted figures now from \$447 million income to \$474 million in income taxes. So we've seen an increase from 447 to 474, that's about a \$27 million increase in the forecast for this fiscal year, I believe. Now that equates overall to an increase of revenues from \$1,087,000,000 to 1.122 billion in income, so that is about a \$35 million increase in the projections. In the forecasting board, as I understand it, of course the economy had something to do with this increase, and we're all grateful for that. But the tax increase that came under 773 is still being underestimated, perhaps, by both the fiscal office and the Revenue Department, and consequently myself and others who have been involved in this.