

an income tax system in the State of Nebraska. Really, one could argue that prior to that there was no income tax system in the state, that we depended on the federal government for our income tax. All we did was jockey around the percentage of liability. When we passed LB 773 we put into place our own system. Granted, we relied on the federal government for AGI but we really did put into place for the first time a system that was truly ours and that was adopted. It was adopted overwhelmingly by the Legislature and brought to us by the Governor and I applaud her for that. I think, through 739 and the adoption of it, we would be stepping back from that proposal that we put into place in 773, not only one step but probably two because there are really two portions to the bill. And the bill breaks down into one being the adjustment and the brackets, I would also add in there the personal exemption, as being corrective measures with regard to 773. And the second half are the credits that you find in Section 2 of the bill and those add up to a little over \$6.5 million every year from here on out. Those credits break new ground with regard to our income tax system and by adopting those in 739 we have started the first step toward deterioration of that revenue base as we have talked about most recently as two bills ahead of this. But we have talked about that we have started down that road through the adoption of the child care credit and the elderly credit in 739 of winnowing away at that base in the income tax system that we first put into place two years ago. I have argued from day one that we don't need to adjust the brackets based on the fact that I'm not sure everything is flushed out on 773. I don't think people, tax attorneys, tax accountants, have had time to adjust for the major change that we made when we passed that landmark legislation two years ago and to come in now and chip away at that base I think is not good tax policy. And I have received a lot of heat over that because any time you talk about reducing tax liability in the future, because that's what it is, it's not giving back a dime, but reducing tax liability into the future, that's very popular and it's an issue that we have talked about more than once here on the floor. But the fact of the matter is that I am not so sure that we can afford to do that based on everything that we have passed so far this year. Each of us has to balance our own ledger sheet, I guess, and some of us do it by voting for the budget and opposing capital constructions, others do it in other ways. Each of us has to do it their own. But I know that 739 and the base that it provides through the income tax that we adopted in 773 is something that we need to protect, I think, as a Legislature. We need to make sure that