

LB 773 four years ago. One of the complaints that I had about LB 773 at that time was that the adjustment in the state income tax rate burdened the middle income people at the time that it gave the upper tax bracket a tax relief. And I know, if you remember that debate, Senator Johnson had created, I think, five separate brackets within the bill, however, at the time, he and the Revenue Committee had the upper bracket for a married filing jointly from 45 to 90, they had that upper bracket the rate equivalent to the persons over \$90,000. There was no progressivity in that rate after the \$45,000 for a couple filing jointly was reached. My understanding that the reason he kept them as separate brackets and he kept the over 90,000 as a separate bracket was, in fact, at some future date to go in and do the what they call the super bracket, put in the higher rate for the higher income people. This amendment would, in fact, do that and would have the advantage of lowering the rate slightly in 1059 for the middle income people and lower income people. I think it is a way to try to address some of the complaints that people have had about these changes in the state income tax system that were made in 1987. I think it is a fair way to do it. There may be some who say, well, we don't want to...we don't want to change this bill because we could jeopardize its passage. I don't think this will jeopardize its passage and I think the bill, if it passes, is going to be vetoed anyway. So the fact that we changed this, it's going to have to be...I think the only way that LB 1059 is going to be enacted into law is with a passage, a veto and an override of that veto. So as far as any concerns in the Governor's office, I don't think we have to really be concerned about it as far as how the tax rates are shifted. And I think this is a reasonable way to do it. I think it is the only decent thing to do. It is only fair and right to try to address some of the problems that were created when the state income tax system was passed in LB 773, and I would urge you to adopt the amendment.

SPEAKER BARRETT: Thank you. Discussion of the McFarland amendment. Senator Withem, followed by Senators Hall and Hefner.

SENATOR WITHEM: Yes, Mr. President and members of the body, I would stand in opposition to the McFarland amendment. It's kind of interesting on this bill that the type of criticism that it is receiving. Some people say it does too much. Some people say it does too little. Many people are looking for excuses to oppose the bill under any circumstance say both, it does too