

SPEAKER BARRETT: Thank you. Senator McFarland, please.

SENATOR MCFARLAND: Thank you. Senator Robak just came to me with an interesting comment. She said that the farmers in her district are telling her that if they make the income, they're willing to pay the tax. And that's the whole nature of the tax system that it's supposed to be a progressive rate in which the ones who can most afford it have the obligation to pay a higher proportionate share of the tax. I don't think it is fair to have someone, as Senator Hall described, someone who is in the income bracket with a family of making say 45, \$46,000 end up paying the same tax rate as someone who is making in the \$500,000 income bracket. That's not the nature of our entire tax system. That's not the nature of the federal tax system. That's not the nature...has not been the nature of our state income tax system prior to LB 773's passage. What I am...what I am trying to do is correct a problem and this is not just a school finance bill. If it were just a school finance bill, we wouldn't...we wouldn't have the opposition to it. What it really is is a significant tax adjustment. In order to change the school...the school finance system, adjustments had to be made in the income tax and the sales tax bracket. That's why I have been opposed to this, because while it does have a good goal of increasing support through state aid and also a good goal of trying to reduce property taxes, it, unfortunately, has a negative consequence of significantly increasing income tax to people in our state and also significantly increasing the sales tax. It seems to me it is appropriate to address it here. If the opposition is coming on the income tax increase and on the sales tax increase, we ought to be aware of it and we ought to be trying to improve the bill. I realize Senator Withem's frustration when he says that people are trying to find an excuse to vote against the bill because I suspect that of those 34 people who voted for it on General File there are a number of them that are just waiting for an excuse to justify a no vote, particularly since the Governor's office has come out to oppose it. But I, on the other hand, am not looking for an excuse to vote against the bill. I voted against it on General File. What I am looking for is an excuse to vote for the bill because I agreed with some of its concepts. But I cannot, in good conscience, vote in favor of a bill that perpetuates an injustice in the state income tax system that this Legislature put into effect in 1987. It is time to correct the injustice. It is time to give middle income taxpayers some tax relief and it is time to have the upper bracket taxpayer, the wealthy and