

SPEAKER BARRETT: Senator Conway, would you respond?

SENATOR ELMER: Senator Conway, in the debate on your amendment we have been talking about instigating withholding the first part of July at the new rate. How would this be collected for this part year from those individuals who are self-employed and pay their taxes but once per year?

SPEAKER BARRETT: Senator Conway. (Gavel.) Go ahead.

SENATOR ELMER: Shall I repeat the question, Mr. President?

SENATOR CONWAY: I didn't hear the last of it, so if you would begin again.

SENATOR ELMER: Oh, okay. For those persons who are self-employed and pay their taxes but once per year, how would this half-year increase be related to them?

SENATOR CONWAY: By virtue of the language, what we're doing is we're increasing the tax liability for the whole year. I'm only putting in half as much increase as what we had recognized. Therefore, the withholding would be at a double rate, at 17.5 percent, but it would only be double of 8 3/4, which is the same rate increase we going to have for next year. Now they'll have that liability so it's not, as the law reads and as I have printed it, it is for the entire year from January until the next...end of December that I'm raising the rate from 3.15 to 3.43. When they pay it is a separate subject of the cash flow, it's a separate subject of creating a rate difference over their liability period. Does that answer your question, Senator?

SENATOR ELMER: So by averaging it out, then the guy that pays for the whole year will actually be paying the same kind of tax liability as those who just paid on their withholding from the 1st of July?

SENATOR CONWAY: Correct.

SENATOR ELMER: I understand. You know, thinking about the bill as a whole, if LB 1059 does not pass, budgets for schools will not go down. They will continue to grow at their past rate. If LB 1059 does not pass, the subsidies that have been enjoyed at