

PRESIDENT: Okay, the question is the adoption of this portion of the committee amendments. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 30 ayes, 0 nays, Mr. President, on adoption of that portion of the committee amendments.

PRESIDENT: This portion of the committee amendments is adopted. We will move on to Section 3 of the committee amendments which is comprised of number 7 and 12. Mr. Clerk. Senator Hall, please.

SENATOR HALL: Thank you, Mr. President. Mr. President, this portion of the committee amendments deals with the increase in the corporate income tax to 16 percent increase, excuse me, a total of a 16 percent increase, and it was adopted by the committee, the intention being to raise approximately \$12 million to offset the tax exemption that LB 7 would provide for to the railroad rolling stock. With that, I would give the balance of the time to Senator Landis, who brought the proposal to the Revenue Committee.

PRESIDENT: Okay, Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. This amendment is a corporate tax increase sufficient to offset the loss that is legitimized in LB 7. Now the loss to personal property tax base and, thereby, the local political subdivisions is not created in LB 7. The creation of that problem, that hole if you will, dates back roughly two years when, pursuant to the 4-R Act, the railroads stopped the collection of their tax, paid it into escrow, won their case in court, and legitimized their position with respect to not having to pay the tax. You and I are familiar with that because we have dealt with it in each of the last two sessions. We have made a compensating act on the floor of the Legislature knowing that political subdivisions would be hard-pressed to absorb the loss. In the first year, Senator Scofield and Senator David Bernard-Stevens were successful in getting us to appropriate from General Fund monies a sufficient amount of money to at least cover the worst of the situation, about \$7.5 million. They had a distribution formula for that, and you will recall that we helped them fill the \$12 million hole to that extent. In the second year, we did not use the General Fund appropriation directly in a distribution formula. Instead, we