

income tax which, as Senator Rogers argues, is based more on ability to pay than the property tax base. I guess it's appropriate at this time to talk about the three major tax sources that we have in the State of Nebraska which are the individual income tax, the sales tax and the personal property tax. And each of these represents a different aspect of the concept of ability to pay, I would think. Income tax, obviously, you take wages that are coming in and you take income that's coming in from whatever source, you make some adjustments to it and you have the amount that you pay an income tax on. You structure it so that you have, hopefully, a progressive tax system whereby the individual that makes a little more is paying a little higher proportion tax than other individuals. The sales tax is based on consumption. If you have resources that you're willing to spend on certain things, the theory is that the state can tax that transaction, that that's money exchanging hands, that the state is entitled to a portion of in order to provide the goods and services that sustain the system whereby you have the ability to go out and exchange money for goods and services of that type. The property tax exists as a measure, not necessarily of income, but of wealth. This is a...it's a measure of one's ability to acquire and hold property and the theory there being that if you have the wealth that enables you to do that, that you probably are able to put your hands on enough resources to pay a property tax every year. I guess, as I've just described, the three different taxes have somewhat different justifications. But I think it's important that we...because we've had a property tax situation in Nebraska that has been less than desirable for a number of years now, because of the high property tax rates is not a reason to abandon that system altogether which you...they'll argue, no, cities and counties still have the ability to use the property tax but we all know the school districts are the major property tax consumer in the State of Nebraska and essentially by doing...by doing what Senators Rogers and Schmit would be suggesting we are throwing out...we're making income and sales such a high proportion of the funding of government that essentially we're changing the very character of our tax system. And I would be the last one to sit here and defend to you the property tax levels that people have been paying that I hear from the homeowners in my district again and again. But I think to throw that out as a funding source for schools is going too far. The property tax inherently is not a regressive tax base. The property tax has a justification that I have described which is that you have wealth as a basis for paying taxes. It's only