

be...they get by virtually without burden. Secondly, the amendment does a better job than many other proposals in targeting larger businesses that are more likely to benefit from exempted personal property while the depreciation surcharge, and sales tax collection fee are not necessarily progressive. Corporate income tax proposal places the strongest burden on taxable income over \$200,000. You have a handout there I'd like for you to take up and then follow me with. If you look at the corporate income tax schedule, you will find that the current rate, anything under \$50,000 is 5.58, and anything over \$50,000 is 7.81. There's a multiplier you use with that. The new rate that we're suggesting would put 0 to 50 at 7.29, and we create three new categories, 50,000 to 100,000 at 9.41, 100,000 to 200,000 at 10.41, and over 200,000 at 11.91. This would raise \$43,675,342. There's been some concern that with the tax credit that's available, through LB 775, that this amount of income would not be coming in. But that's not true. We checked with the Revenue Department, this \$43 million is what would come in over and above the tax credit that's available through 775. The second part of the amendment brings in \$35 million from this surcharge on depreciation schedule. It would reduce what we have currently before us, from 2 percent down to 1.4 with this amendment. And then we create a sales tax on interstate long distance telephone calls, and this has been discussed in previous options. This would raise \$10 million, and this does not include the 800 and 900 numbers. We also retain a 50 percent reduction in sales tax collection fees, which is presently included in the bill. This generates 7 million in new revenue. So you now have \$95,675,000 in new revenue, approximately what we need. The attachment shows, on the next page, those corporate tax structures in states that have them. I've circled those states that currently charge more than Nebraska does. And if you'll look at Iowa's corporate tax rate, they are comparable, right now, to what we would be with the adoption of this amendment. Further on in the packet is the actual amendment itself. And I'd like...I'm sure there's going to be some comparisons. It doesn't matter much what we do, we'll probably be criticized by the business community as carrying on some sort of an external disadvantage, so a better measurement of this proposal is its fairness in its internal effect on the state's business climate. Any tax will be professed to have a dampening effect on business. With the depreciation surcharge we may be stifling capital investment, because of partial loss of depreciation tax credit. With the proposed tax on hourly employment, we could greatly stifle