

think that we need to look at the expansion of our tax on services. Nebraska currently, we have 40 services that are taxed. South Dakota has 151, and then you wonder why that South Dakota has lower taxes. Because they tax everything, a lot more services. We need to get to that point. Nebraska and all of the other states, the service industry is a growing industry. Economy, it's just moving that way. We need to expand, get more people involved, and that is what I liked about LB 1120. I think we might get back there eventually, but I think maybe the half-cent sales tax in this amendment, and then changing the income tax to maybe services, or else just a tax on the upper brackets is a lot better way to go. So with that, I will probably support this amendment, but I would like to see the income tax changed later on. Thank you.

PRESIDENT MOUL: Thank you, Senator Schellpeper. Senator Schmit.

SENATOR SCHMIT: Madam President and members, I am going to support Senator Moore's amendment. I believe that a combination of the Moore and the Rod Johnson amendment are a way to go and I believe, as Senator Schellpeper has indicated, there will come a time when we need to look at those taxes on services. I do not know exactly how much revenue will be raised under these various combinations, but I think it can be adjusted to do that which needs to be done. I think that it more clearly represents an equitable method of raising the money, and I would hope that we would then agree that we do not tax personal property. I believe, as has been pointed out many times on the floor, the sales and income tax are a fair way to do it. It is a combination of the two and those individuals who would argue that you cannot take a tax off of business and replace it with a tax on individuals fail to recognize that with the exception of agriculture, any business that is taxed must necessarily pass it on. I spoke to a representative of the telephone industry last week, and he said, Loran, if you put the tax on us, we will just put it on the rate. That is all we can do, and he assured me they would, and we recognize that. There are some businesses, and it is becoming more and more competitive in many of those areas, that have difficulty passing it on, but we do know that in the case of the farmer, there is no way that they can pass it on. There was a program on KFAB this morning asking for the rationale as to why farm equipment should be exempt from personal taxes, and a business computer, for example, would not be taxed. The reason is very simple. When we did it, it was