

amendments that have been put on 1063 is going to take a lot of other types of businesses out of the state, too. It just is a travesty. All this time that's been spent for the last 25 years, and during that...all the time I've been in here until now we've made progress toward making this state something desirable to do business in, and here we're going the other way all because we just don't quite agree on the replacement tax for 3 percent of the revenue that we require to run the state. Isn't that interesting. We need some...we need some time to see right where we're at on this thing. And who's going to be in here with the additions, and subtractions, and deletions, and changes that have been made since the public hearings were held? There's going to be some changes in positions, I'm sure, with the way things are going. And it's either going to be passed as something so bad that we're going to be back here in three months to try to change it then, or it's going to be going the other way that we...that Senator Hall, and Senator Schmit, and I, and some of the others feel it should. Thanks, Madam President.

PRESIDENT MOUL: Thank you, Senator Elmer. Senator Hall.

SENATOR HALL: Thank you, Madam President and members. Again, I rise to oppose Senator Schmit's amendment, but to talk about the...the issues that were laid out in that 1962 study that I mentioned before. McClelland, in his study, I mean, really did an excellent job, I think, of analyzing the state tax system at the time that it was done. And again, he said that the first principle was that equity and fairness needed to be present in a tax system. And he said that the basic principle of equity is that people of similar taxpaying ability should bear equal tax burden. That is, persons taxed on the same amount of income, wealth, or expenditure should pay the same amount of taxes. And it goes on to say, like I stated earlier, that ultimately, of course, all taxes come from income, present or future, and thus a fair tax system will be equated, in some manner, with income. Remember that this was the time prior to the institution of sales and income in Nebraska as far as the tax system, and that's really what the study was laying the groundwork for. But the issue of the first line in that principle, where it said, a basic principle of equity is that people of similar taxpaying ability should bear equal tax burdens. I think one of the problems in 1063 is, as Senator Dierks pointed out, with regard to depreciation, net book value approach is that it doesn't recognize taxpaying ability. And it doesn't recognize equal tax