

it's possible to make it economically beneficial not to pay your taxes and to pay a fine. Maximum that Senator Hefner suggests is \$500, that's it. Can you imagine a taxpayer choosing between a \$500 fine and not paying taxes. How many taxpayers might make that deal in a minute? Because the fine is less than their savings, if they don't file. How many people might do that? You have to put something on the table that is a little more risky than what would otherwise be an economically beneficial deal of not paying your taxes, which is why throughout our existing Nebraska tax code there are penalties that involve the potential for jail time, because that stops being a sensible write-off and a payoff for money. And if you put a \$500 maximum, somebody can put a pencil to that idea and say, well this is a great deal, I hope I get arrested, maximum liability is 500 bucks. Not good enough. Do we put filers, or failure to filers in jail? We don't, generally, but that's why the hammer has to exist, it's throughout the federal tax code, it's throughout the state tax code. With my remaining time I would defer to Senator Byars to tell us the story of the most recent time we talked about this, and which, by the way, Senator Schmit made the same arguments on that occasion, and in fact this Legislature passed, nearly unanimously, a Class IV felony for failure to file personal property tax filings. I'd yield the rest of my time to Senator Byars.

SENATOR MORRISSEY: Thank you. Senator Byars, two and a half minutes.

SENATOR BYARS: Thank you, Senator Landis. Yes, indeed, we're talking about exactly the same thing as we were talking about two years ago. And let me tell you somewhat of a story, the scenario, paint the scenario that took place at that time. The decision on the 1988 pipeline case had been handed down, finding out the 1988 taxes had to be refunded, in effect at that point strictly to pipeline companies, principally the Enron Corporation and their subsidiaries. When the 1989 taxes were levied the Enron Corporation went to the court and said, we don't want to pay the 1989 taxes because we didn't have to pay our '88's, and therefore we know we won't have to pay the '89's, so we just aren't going to pay them. The court said, you can't do it in this manner, you have a suit filed, if you're successful in your suit that's filed, the 19...which since then has come to fruition, but at that point the decision had not been handed down. We found that many of the local subdivisions at that point, who had relied on those tax dollars, had levied,