

November 9, 1992 LB 1, 5

replacing revenue because of the overall structure of the economy and the downturn in terms of revenue projections. We have seen what the Revenue Forecasting Board has done recently. We may very well find ourselves next year facing an LB 5, just in terms of the overall state of the economy, the overall state of the budget, and general sales and income tax increases may be the route we might have to take at that point in time. We are in a special session today because of...I believe because of court decisions as they relate to the Legislature's ability to tax, classify, and exempt personal property. What we are trying to do through LB 1 was to address those issues as they relate to the payers of tax in those categories, try to match them up as closely as possible as we had in the past, and, in essence, have the least amount of disruption in terms of tax policy for folks in this state, but what Senator Hefner does in LB 8...excuse me, LB 5 is disrupt the entire tax structure by increasing sales tax by a half a percent and the income tax 16th of a percent, or whatever he said it amounted to, and I can't remember right now, but for a total of about \$97 million. The problem there is that that question about did the folks know whether or not there was a 2 percent surcharge, what leads you to believe that they will realize what this is all about until they go to do their income tax or they go to purchase something that would be subject to the tax. There are a number of things that up in Senator Hefner's district that you don't pay sales tax on so I can understand why his constituents would be most receptive to this kind of a hit. The fact of the matter is some of those same arguments against the kinds of taxes that are in LB 1 were that they didn't reflect those people who got the breaks, if you will, that the...some of the proposals that were put in place, alternatives, hit on individuals. This proposal in LB 5, a general sales and income tax increase, are...is the most direct hit on individuals, it will be paid by individuals, and the people that will be let off scot-free are exactly the people that Senator Lamb talked about this morning, those folks like centrally assessed companies, those businesses...

PRESIDENT MOUL: One minute.

SENATOR HALL: ...that received the benefit of that court decision that basically said the taxes that we put in place at one time were unconstitutional. We have got to go back now and change the Constitution to have the ability to put in place a similar set of taxes based on a whole number of changes, a change in time, a change in place, a change in our Constitution,