

introduced a bill to repeal this act. We did put it out from committee at that time although we put on a committee amendment that would have generally increased the corporate income tax and the reason we did that at that time, it was estimated the revenue loss would be somewhere between 9 and \$17 million so we used approximately 13 million. That bill was never taken up on General File, but then Senator Abboud had an amendment to the appropriation bill which appropriated some funds to the Department of Revenue to make a more accurate review of what repeal of that act would amount to. That report was made to the Legislature last fall and if you look at the fiscal note you will see it indicates that approximately 1,600,000 in reduced revenue on an annual basis as far as the corporate tax is concerned. The bill that was introduced at the request of the Governor who requested it and had it drafted to be phased out over a three-year period which would mean a little over 500,000 reduction in revenue per year for that phase-out period. I should indicate to you that that estimated reduction in revenue is based only on corporate tax. There is an assumption, do not have a figure for it, that there could be some other types of business structures such as the subchapter S corporations, perhaps some other types of partnerships or limited partnerships that could be affected and there could be some additional revenue reduction, as much as 4 million. As of now the million, six is the figure but that too was part of the reason for the phase-in concept because of that possible additional loss of revenue. As a matter of tax policy the reason for the introduction and as well as the passage as this particular tax is one that has become a deterrent to, or actually it has become an incentive probably for some Nebraska based companies who are significantly affected to move their operations perhaps out of the state or to another location. This becomes a particular factor with Iowa who does not have a throwback rule. In fact, they're whole...also I believe have a sales only type formula and it becomes a distinct advantage. There's...generally there's other states that same is true and I believe there's a map, perhaps will be passed out, that show the states that do or do not have the throwback rule. But it was the feeling of the majority at least of the Revenue Committee that because of the ease in which the tax could be avoided with the fact that it does become an incentive for some companies to consider relocating outside the state and obviously if anybody, when anyone does that you lose that revenue in any event by their moving that it was more advantageous to enact legislation similar to those other states that do not use a throwback