

Legislature, you've heard the debate and the concept is fairly simple. The idea is to close what I describe as a loophole in the combination of laws that we have. We have a structural setting that allows certain corporations to not pay any corporate income tax, and instead pass onto the individual owners of those corporations the liability for the taxes due. Those S companies, partnerships, limited liability companies on their own are probably fine entities and the concept behind them have validity. The problem is when you put them in concert with the tax breaks and tax credits under LB 775 and the other breaks that we have, it allows individuals to, number one, bypass a corporate income tax, and then bypass any individual income tax, either on dividends or income. So we end up getting no tax. And when we talk about the payback on LB 775, when we talk about the negative revenue impacts that we have with these tax breaks, this is one of the worst examples, in my view, because the other corporations out there, the standard corporation, maybe they have a corporate income tax wiped out under 775, and that concerns me as well. But at least the employees of the company will pay tax on their income tax. At least the stockholders of that company will pay income on the dividends earned. At least you have some revenue resulting from economic activity. Under this scenario of these companies, with these breaks, you end up with nobody paying any tax, either on the corporate side, or on the individual side. So this proposal says that's wrong, sure we'll provide an incentive. Instead of paying the 7 percent level of taxation we'll reduce it down to 3 as a minimum, as a floor, so we have that break involved. And the other change that we have is instead of allowing any income, spouse, as well as the individual involved with the business, from being totally wiped out by these credits, we focus in on the income from the 775 business. The other thing I need to emphasize Senator Brashear's handout, I think, frankly is somewhat...I'm not sure if it's completely accurate in one respect. He talks about only the business income involved in getting the 775 credits. Currently you have a situation where somebody has a business and they have 775 credits that applies to their personal income. But it wipes out their spouses income, and it wipes out other income from other businesses. You don't just hold it to that business and their tax liability. So those credits are able to be used in other ways, and thus eliminate these individuals who are multimillionaires from paying any income tax. This is in follow-up to the discussion we had earlier about the minimum wage. Unfortunately that amendment was defeated. But I ask