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April 23, 2003 LB 759

SPEAKER BROMM: Next item on the bill.

CLERK: Mr. President, second component of the Revenue Committee amendment, FA1325. That consists of Section 12, I believe, which are the income tax portions. (Legislative Journal pages 1363-1364.)

SPEAKER BROMM: Senator Landis, to open on this component of the committee amendments.

SENATOR LANDIS: Thank you, Speaker Bromm. I'm going to make a few opening remarks, and then I'm going to yield the rest of my time to Senator Brashear. And the reason is this portion of LB 759 is original green copy language. It's Senator Brashear's language and it's his idea. Although many of us I think have thought about whether or not we wanted to extend LB 1085 into the future, this provision would be an overlap. This would be, essentially, the extension of LB 1085. And what does it mean? Well, when we did LB 1085, we reinstated half of the 1997 income tax rate decrease beginning with tax year 2003. That's what we did, and we did it for one year. This language is an increase in the individual income tax. In other words, it's that half of the decrease that we took back and the increase is in individual income tax only for each of the four brackets. We have got four brackets in our income tax system and, essentially, it's about a 2.2 percent increase in those brackets. Now it will be invisible in the sense that we're in the middle of this tax year anyway, and this amount is relatively so small that our withholding tables have not been adjusted. So, essentially, this is invisible at the moment, and it will continue that tax increase into the future; extends this increase for tax year 2004 and beyond. So it makes it permanent. The logic of this, I think, is overwhelming. In 1997, we were at the absolute height of the hubris of our economy, and we did something then permanently, which was to reduce the tax. If we were as thoughtful when we had money as we have been when we haven't had money, we would have done it temporarily. We would have done it...we would have extended that year by year as we had the money. But we got to thinking the economy is always going to be like this, so we made a permanent change. This is half of the reduction that we made in 1997 and it continues into