

## **One Hundred Third Legislature - First Session - 2013**

### **Introducer's Statement of Intent**

#### **LB266**

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**Chairperson: Senator Galen Hadley**

**Committee: Revenue**

**Date of Hearing: February 27, 2013**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 266 repeals LB 357 enacted last session, allowing a half-cent increase in the local sales tax if approved by voters.

The State levies a 5.5-cent sales tax, while cities currently can levy up to a 1.5-cent sales tax. The .5-cent increase would raise the overall sales tax burden to 7.5 cents.

In addition to increasing the most regressive of taxes that hits the poor hardest, LB 357 (codified as § 77-27,142) is so wide-ranging in its massively detailed complexity that it rivals some provisions of the IRS Code and merits the label "arcane," (not intended derisively).

Not least important, it impinges on the State's tax base which is limited to sales and income taxes.

Significantly, Senator Brad Ashford who, at the request of the City of Omaha, shepherded LB 357 to passage (over the Governor's veto) -- has signed onto LB 266 as co-sponsor, an act of true statesmanship.

Given the problematic state of the economy, coupled with the Legislature's focus on a comprehensive consideration of the tax structure of the State, wisdom and fiscal prudence mandate repeal of the authorization to increase the local sales tax.

Notwithstanding the fact that some municipalities may have taken steps to implement the half-cent increase, the overall, long-term good of the State as a whole, trumps the interest of individual municipalities and can not be thwarted thereby.

**Principal Introducer:** \_\_\_\_\_

**Senator Ernie Chambers**