

SPEAKER BAACK: Senator Robak.

SENATOR ROBAK: Thank you, Mr. President, Mr. Speaker and members of the body. This is really a real simple bill. All we're going to do is change the current sales and tax filing requirements from the current level to a level that realistically reflects the dollar amount of retail sale in Nebraska. Current law states that the annual sales and use tax return shall be required if the taxpayer's yearly sales and use tax liability is less than \$900. Quarterly sales and use tax returns shall be required if the tax liability is more than \$900 but less than \$1,200; monthly sales and use tax returns, if the yearly tax liability is more than \$1,200. What LB 128 would do is change the requirements on who is required to file quarterly and monthly. Annual returns would still be required for filers with an annual sales and use tax liability of less than \$900. This would not change what is currently in statute. Quarterly returns would now be required if the annual tax liability is between \$900 and the new upper limit of \$3,000. Monthly returns would be required for filers with an annual tax liability of \$3,000 or more. There are two outstanding reasons why I introduced this bill and why it should be passed and, first, it will cut the red tape and paperwork for both the businesses which are required to file these returns and for the Department of Revenue which has to process these returns. And secondly, it will cut costs both for business which don't have to spend as much money on accounting costs and for the Department of Revenue on postage and processing. Or you could think of it this way. Under current statute the Department of Revenue sends these same 5,000 filers a return form 12 times a year for a total of 60,000 forms in one year. By changing these same 5,000 filers to a quarterly filing status we reduce the number of forms by two-thirds. This means reducing the paperwork and processing by 40,000 forms. Finally, it's really a question of fairness. If you remember LB 1059 raised the state sales tax rate from 4 percent to 5 percent. This had an obvious effect on the filing status of smaller businesses in Nebraska. As the sales tax percentage went up the number of monthly filers also went up while the number of annual and quarterly filers went down. Although their actual sales did not change, just because of the change in sales tax rate their liability and filing status changed. For example, a business with \$25,000 in sales under the old 4 percent sales tax rate would have been liable for \$1,000 in sales tax and it would have been filed quarterly under the current statute. That same business with the change to a