

One Hundred Fourth Legislature - First Session - 2015

Introducer's Statement of Intent

LB73

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: January 30, 2015

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

LB73 is a first step in the direction of taxing the flows of resources and providing revenue to eventually reduce the reliance on the present taxes which are under great criticism: Income taxes punish productivity. Sales taxes reduce purchasing power. Property taxes do not reflect ability to pay.

The income, sales, and property tax mechanisms are becoming less and less compatible with modern economies that function on resource flows. Although in a few decades flow taxation may replace current taxation methods, today precise measurement and identification of the flows for purposes of taxation remains beyond current tracking and computing capacity. However, most flows contain a debt component that correlates to interest. As such interest is an approximation of the volume of the flow and thus the available tax base. The amount of interest paid is reasonably well documented by current accounting and taxing technologies and it may be within the society's capability to levy a tax on.

LB73 is a first step in the direction of taxing resource flows and providing revenue to eventually reduce the reliance on the present taxes. Early indication is that a LB73 like tax could produce revenue in the range of several hundred million dollars annually. At a 5% interest rate the tax would be about a quarter percent of the outstanding loan. That is less than interest commonly fluctuates as a result of market or central bank activity. It is also a tax that can be reduced by simply not borrowing as much or by paying off debt. Such behavior is traditionally thought of as wise and historically has been the hallmark of strong conservative economies.

The purpose of LB 73 is to levy a modern tax on the rental of money.

Principal Introducer: _____

Senator Paul Schumacher

