

direct reduction in his income. There is no other way you can figure it. So, I just can't believe those that have signed this and brought this bill before us are serious. The other thing is that we have not studied it. We have not had a public hearing on this particular issue. It was brought up in the committee when we discussed LB 3 but it certainly was not brought up in the public hearing. So, I guess rather than talk for five minutes and tell you all the reasons why it is a pain in the neck, I will just say I hope you will oppose this amendment to bring back LB 3.

PRESIDENT: The Chair recognizes Senator Labeledz.

SENATOR LABEDZ: Thank you, Mr. President, members of the Legislature, Senator Kahle just mentioned and first I want to say that I am cosponsor of this amendment and Senator Kahle just mentioned that there was no public hearing on this particular issue but in the five years I have been here I have introduced that bill to exempt the sales tax on utilities every year as I did this year which was LB 61 and I have done so every year. I have even agreed to the 1½% on everyone rather than just have the homeowner pay it. Back in 1967 when I started working for the Department of Revenue and I opened up the Omaha office and I was licensing all the sales tax permits for the retailers I was amazed and argued extensively when we had hearings and meetings in Lincoln to the fact that the homeowner was the only people that were paying sales tax on utilities and business was not. Senator Kahle also mentioned that the farmers have no way of deducting the sales tax that they pay on utilities from their business. I assure you the homeowner does not either. I realize that there would be about fifteen to sixteen million dollar loss if we took the sales tax completely off of the homeowner. Therefore, we agreed that 1½% for everybody was fair. Nebraska's present sales tax policy is very inequitable because the residential consumers are taxed while the business interests are not. The sales tax on utilities is regressive in that a higher portion of the low income individual's annual budget must go to pay utilities. Presently the State of Nebraska exempts the sales tax on prescription drugs, medicines and so forth from the sales tax. We also provide a food sales tax credit to address to some degree the regressive tax on the sales tax on food and yet we do nothing with regard to the sales tax on utilities. In these three areas of necessary spending, and I am talking about medication and sales tax on food and utilities, the residents of this state, only the sales of utilities to residential users is taxed with no attempt by this Legislature since I have been here in the last five years to correct the situation. I really believe that the sales tax on