

they are going to put a 1½% sales tax on gasoline over and above the regular gas tax, 1½% sales tax on gasoline goes to the general fund. We also eliminate in this particular amendment, which I am not sponsoring incidentally, this is Senator Wiitala's amendment and I am opposing it. We also eliminate the sales tax exemption on water used for irrigation of agricultural land and for manufacturing purposes. In other words, the water you use to irrigate gets a 1½% sales tax. By adding the tax to the fuel for generating a utility plant we force up the price of utilities and give birth to a hidden tax. In other words, the utility companies are not going to absorb this tax increase. They are going to pass what they would have to pay for the fuel to generate electricity or to run utility plants all across the state, they would pass it right on to the consumer. Now, a couple of questions. Can you defend adding a 1½% sales tax on gasoline and having the money go into the general fund just to give a tax break to the residential consumers? Can you defend adding a 1½% sales tax to diesel fuel, tractor fuel, gasohol, propane and fuel oil all of which are necessary to keep a farm going? Why use the very legislative bill that was designed to attract industry to the State of Nebraska to add back a tax burden to that same industry and to penalize the rural sections of Nebraska to pay the tax relief for the urban areas? The issue of sales tax applicability to utilities is not a new one but has been discussed since the sales/income tax bills were passed in the Legislature in 1967 and hasn't been changed since. This same proposal was LB 61 which got killed in committee. I am saying, for example, that if you want to give a tax break on utilities, they eliminate the sales tax on utilities to residential users, do it in a separate bill. Don't tack it on to this particular bill but also by the same token, remember that what we are doing is penalizing the farmer in his fuel...

PRESIDENT: One minute, Senator Goodrich.

SENATOR GOODRICH: ...just to get the revenue to pay for a tax break to the urban areas, the areas where we have the city sales tax in effect and also the fact that each one of your constituents for example, would be digging into his left pocket instead of his right pocket to be paying the same tax. I urge you not to adopt this amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I rise in opposition to the amendment. I think most of the major points have been made, however, I do want to draw attention to the fact that the administration compli-