

January 12, 1982

LB 454

It was referred to the Revenue Committee for public hearing. The bill was advanced to General File, Mr. President. At this time I have no amendments to the bill.

SPEAKER MARVEL: Senator Carsten, do you wish to explain the bill?

SENATOR CARSTEN: Mr. President and members of the Legislature, LB 454 reduces the increments of the sales tax and the state income tax as it is set by the Board of Equalization. The sales tax and the use tax increment is reduced from a half a percent to a quarter and the individual income tax increment is reduced from one to one-half percent. The basic philosophy behind this is that because of the inflationary situation that has occurred over a period of years now, the present increments raise a tremendous amount of money and that when a change is made even though the requirement may be only for a slight amount of increase, the net result is a considerable increase. The Task Force that the Governor appointed to examine this situation, it was one of the Task Force recommendations that the increments be reduced to the contents of this bill, and so it was put in. We held the hearing and as you can see from the committee statement that there was support for the bill by the Task Force, also from the State Budget Director, Administrator, and also from Mr. Herrington who was then the Director of the Department of Revenue. There was one opponent of the bill, Mr. Fred Stone, representing the Nebraska Retail Merchants, who did object to it for the basic reason I guess as I recall the change that retailers had to make when the changes were made. I can say this, and I think with all fairness and honesty, this is the second time that I am aware of that this proposal has been before the Legislature. And the first time the opposition came in goodly numbers. This time and not knowing for sure but assuming that Mr. Stone represented a goodly number of people was the only one representing those people in the retail field to oppose the bill. It does seem that it is a desirable move and one that could more finely tune the revenue take for the state with these smaller increments. I have had our committee counsel prepare a sheet to be passed out that gives you some explanation of the present increments and also the changes that would occur if the lesser increments were used. You must bear in mind that as nearly as possible equal test as calculated is on a calendar year basis, but while the tax rates must be covered...or must cover appropriations that are made on a fiscal year. So what is done in one part of the calendar year will affect or may have to be addressed in the next fiscal year. But that is the basic concept. It is to more finely tune the