

April 7, 1982

LB 757

SENATOR WARNER: Senator Newell, as you know the fifty-fifty test is against liability and the substantial short-fall of revenue that is occurring is in the sales tax which is down through accumulative 17 or 18 million dollars. It is my understanding and, in fact, I think if you look at those charts in the back of the November book even you will see that 3 1/2 and 17 meets the fifty-fifty test, but the reason that the sales tax has gone down that we were told correctly before sales tax that 18 and 3 1/2 was necessary. That is not true now.

SENATOR NEWELL: All right, that was one concern. The other concern I have is with this sales tax, coupled with the 2 percent increase and the individual income tax will the members of this body, will they be able to vote against the corporate income tax and thus push the burden more on the individual and less on the other elements of our society?

SENATOR WARNER: And the answer, Senator, to have a balanced budget for '82-'83 fiscal year, the bill we are passing, all revenue measures currently on Final Reading including the corporate tax and those on Select File would have to be passed. The increase of a half percent will have absolutely zero impact on the budget because we are starting out \$50 million short.

SENATOR NEWELL: Thank you, Senator. Colleagues, I am still not ready to vote for the sales tax increase. I am not ready to vote for it because of its regressive nature, because of the great burden it provides and because I think it is too early to do that. I am concerned even though Senator Warner argues that we won't break the fifty-fifty tie. I am concerned that that may, in fact, be the case. I am also concerned that because of this sales tax increase and because of the individual income tax increase that we may decide or members of this body may decide that we don't need a corporate income tax increase after all. And I think that would be a mistake. That would be a mistake because we signal individuals once again that they will pay a far, far, far greater share....

PRESIDENT: Half a minute, Senator.

SENATOR NEWELL: ...of the state tax load. So I would urge this body not to make the mistake that they are about to make or that I predict that they will make and wait for later to raise the sales tax one half a percent.

PRESIDENT: The Chair recognizes Senator Wagner.

SENATOR WAGNER: Mr. Speaker, I would just call the question.

10371