

April 7, 1982

LB 757

there is a very, very high increase in the cost of food and yet we have people unemployed. We have people on welfare receiving food stamps, yes, but not hardly enough to pay for the rising cost of food. I sincerely and very strongly urge that the members of this Legislature think very, very hard and very strongly in removing the sales tax on food. We have the food sales tax credit up to a point now where it is very high but it still does not cover, and I can remember when I worked for the Department of Revenue when I first started out, the sales tax refund on food was only \$7. We are now up to \$28 and others are wishing there was an increase there. The administration of the sales tax refund on food by the Department of Revenue is a very, very tedious and long and expensive method of getting the sales tax refunds back. Many of the elderly do not have to file a federal return and yet every year we have to have them file a state return just to receive the food sales tax refunds. The cost, and I am sure I don't have to speak too long on the cost of food, it is very high when you are unemployed or you are low income and your hours are cut down because of the economy. I think the first thing we should be looking to is the removal of sales tax on food. There is no doubt that the half percent increase on the sales tax is going through in Omaha and possibly in Lincoln. That will be 5 percent more on your food bill. I urge the members of this body to remove the sales tax on food and give the citizens of Nebraska a break because we are raising the income tax also, there is no doubt there. I urge the adoption of the amendment to LB 757.

PRESIDENT: The Chair recognizes Senator Goodrich.

SENATOR GOODRICH: Mr. President and members of the body, just to set out what this amendment does. It eliminates the sales tax on food. It also eliminates the refund arrangement that we have in the state and it gives the local urban areas that levy the sales tax the option of levying a quarter of a cent to make up the lost revenue. Now, the net profit to the state of adopting this amendment is about \$5 million. In other words, that tax brings in \$5 million. In other words, there is a lot of people that do not apply for their refunds, consequently the cost to the state is such with the refund picture that the state makes a profit off of the sales tax on food of \$5 million. The revenue would be left in the state, in other words, so the state gains \$5 million from adopting this amendment. The local tax, for example, sales tax we are talking about would be levied on the local areas so the state isn't picking up that particular revenue unless somebody happens to come into Omaha and buy food...or buys, excuse me, and buys something. That is the only portion

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