

April 7, 1982

LB 757

law, no provision whatsoever in law for this Board of Equalization to act. Those provisions were put in later. The Governor signed the bill. He concurred with the bill and it was nobody's fault. That was no other way it could be done at that time, otherwise that would have carried clear through till November and would have collected a great more revenue than was necessary. So your remarks earlier were totally wrong.

PRESIDENT: The Chair recognizes Senator Wiitala.

SENATOR WIITALA: Thank you, Mr. President. Mr. President and colleagues, I rise in support of Senator Labeledz's, Senator Newell's and Senator Goodrich's motion to return for the specific amendment on LB 757. I support this motion largely because this issue has been a long debated issue before this Legislature. I want to call the body's attention to a few facts. We have just effectively raised the sales tax in Omaha to 5 percent, 5 cents on every dollar. This body should be appraised to the fact that there is money...additional money that is earned as profit on the collection of sales tax. Three percent of all the revenues that are collected, sales tax revenue collected, are kept as profit or profit to cover the costs of administering it. But there is more profit that is involved. I don't know how long it is before a business has to report their sales tax revenue to the state, but I am sure that they can keep those revenues in a bank account for at least a month. At today's interest rates I will assure you that the interest that is bearing on those revenues is 5 percent or more. So we are really talking about taking 8 percent or more profit on administering the collection of sales tax. Members, I think that is unfair. It is unfair in light of the fact that the general public is required to pay this tax on a necessity of life. I disagree with Senator Warner's remarks when he mentioned that he may have to increase the sales tax maybe an additional half percent to cover the loss in revenue, and this will just cause people to pay more sales tax on the other items they wish to purchase. But I am telling you living in today's economy there are a lot of those people that just can't buy those extra purchases. Their main expenditure, if they can scare up the funds to pay for their heating bills, is to purchase food and clothing, the basic necessities of life. There is another inequity in here I don't think has been addressed on the floor and that is that by giving a food tax credit we are sending dollars from our local areas to the state only to return them back to us in the form of a food tax credit. Now if I am not mistaken, this is contrary to the philosophy of the new federalism, that

10387