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LB 757

I am not all that thrilled with the tax on food but I think right now is an awful poor time to be talking about taking it off. Thank you.

PRESIDENT: The Chair recognizes Senator Labeledz.

SENATOR LABEDZ: Thank you, Mr. President. I just wanted to touch on a couple more things. I was very glad that Senator Johnson did bring up the fact that the Department of Revenue was saying that they put out more money in food sales tax credit than they take in and I really believe that is true because I worked for the Department of Revenue for seven years. We had a very difficult time. If we checked a state income tax return against the federal return in some cases we would find that people were showing two or three dependents that they didn't show on their federal return and therefore were receiving an extra \$28 or whatever the rate was at that time and getting that in a refund. We also say that if you are living in a nursing home or a tax exempt organization that does not pay sales tax on food, those people were showing that they should receive a \$28 refund and yet there was no sales tax paid on food at that nursing home or whatever tax exempt organization they were receiving food from. We have the nutrition sites now, of course, thank God we do, but there is no sales tax paid on food there and yet those people that are receiving that food will apply for a \$28 refund. So we are paying out more money than we should on the sales tax refund on food because there are people that can show and do show exemptions. Now, for instance a student going to the University or going to school as a fulltime student and working at the same time will file a return and receive a \$28 refund on his return and at the same time his parents show him as a dependent and they receive a \$28 refund for that particular person. Those things for the Department of Revenue is very, very difficult to check. So in some cases we are paying \$56 for a food sales tax refund because both the student and the parents claim them on their return because the student is still living at home or maybe living at the University while he is going to school but in working part-time he does have a refund coming of his withholding tax and he will show the \$28 food credit plus his refund on withholding and the parent because he is a fulltime student is allowed to keep him or her as a dependent so they show them as a \$28 refund, therefore that shouldn't be allowed and if the Department of Revenue catches that they will disallow one of them. But how in the world can we check all of them? So there are times when we are paying \$56 food sales tax refund rather than the \$28. There are times we are paying for more dependents than they actually have. They may

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