

SPEAKER BARRETT: Senator Schmit, you have got about three and a half minutes, would you care to use it?

SENATOR SCHMIT: Well, thank you, Senator Lamb. I am glad to know that we are on the same side. I hope that doesn't cause anyone else any concern. I think that it is of interest, of course, that there are alternatives to what we are doing here today, but I believe it is a well-established principle that the Legislature sets the tax policy for the state. We should not leave that policy representation to the agency and we should not depend upon the courts just because we are not clear in the policy which we establish. The courts only become involved if there is a dispute as to the proper policy intended by the Legislature. It also proves the fact that this body takes a firm and positive action in regard to, as Senator Lamb has pointed out, the fact that we do not intend to tax a wholesale transaction. There may be a time in the future when we review the whole entire tax policy of the state, and we have talked about tax on services, we have talked about many other kinds of taxes, but we should not allow by our inaction an agency to decide that they are going to impose upon the people of the State of Nebraska a major tax. Now there are those who were concerned, I suppose, because I supported the bill and thought that perhaps this was a requirement that would impose a tax on the telephone industry. The industry does have a little problem with the retroactive portion of the tax that the department is concerned about because it would be very difficult for them to go back retroactively and try to collect that tax. But be assured that if we do not pass this bill and the tax does become a matter of record, then the consumer will pay the tax. Senator Brad Ashford did an excellent job of explaining the bill. He pointed out that it would be a tax of about 14 or 15 million dollars annually imposed upon the people of the State of Nebraska. Now there comes a time when we must, for various reasons, increase the taxes upon the people but we should always do that in an up front and visible way so the people can respond accordingly. If we choose to raise taxes or increase revenue, then we should do it in the time-honored method of income tax increases or sales tax increases, so that the public knows and we can be held accountable for whatever increases we put upon their backs.

SPEAKER BARRETT: One minute.