

February 26, 1992 LB 1063

over here too and I think we should. I stand opposed to the amendment.

SENATOR CONWAY: Thank you, Senator Moore. Senator Schmit, you're next.

SENATOR SCHMIT: Mr. President and members, I think that Senator Moore has touched upon something which, of course, is very tempting to me also and that is the matter of the position that agriculture is placed if 1063 comes before the committee, before the body as a whole. I want to touch on something a little bit different. Back in 1967, the people, by a constitutional amendment, changed the system drastically whereby we supported government. They adopted the sales and income tax method of raising funds for state government. We exempted personal household goods. We exempted intangibles, stocks and bonds and we accepted the premise that property ought to bear a lesser burden for the cost of government. I went back and reread Professor Peterson's argument about how income tax ought to support government. That's what reinforces my conviction in that direction. The point I want to make is this, that to bring 1063 to the floor is to revert back to a property tax system which has failed, which we all acknowledge has failed and which does not meet the needs of the people of this state. We recognized back in 1971, when we started to exempt personal property, that it was an unfair tax, difficult to administer and impossible to be equitable. In 1977, we took another step forward, we exempted personal property in the name of farm equipment, grain, seed, livestock, business inventories and we accepted it as a valid reason being that farmers cannot pass on the cost of their taxes and, number two, we exempted inventories because we said that it made it difficult for the businessman to maintain a businesslike basis of inventory. On this floor, Senator Warner...and I will paraphrase his remarks, said, agriculture does not say we do not want to be taxed, what we are saying is that we will be paying the tax in a different manner. We will pay the income and the sales tax when we buy equipment. We will pay income tax if we make any money. As of this point in time today, if we were to bring 1063 to the floor and pass it in its present form, we are, number one, abolishing the equal and proportionate clause of the Constitution. Why? Because now we are embarked upon a scheme that will only do one thing, we need to raise \$100 million. I would suggest that we need not be concerned about the \$100 million that someone says we'll lose at the state...at the local government level. We cannot, after at