

vote aye; all those opposed vote nay. Please record.

CLERK: 26 ayes, 0 nays, Madam President, on the advancement of 531.

PRESIDENT ROBAK: LB 531 advances. LB 106.

CLERK: Madam President, LB 106, offered by Senators Dierks, Schellpeper, Vrtiska and Jones relates to sales and use tax. (Read title.) The bill was introduced on January 6 of this year, referred to the Revenue Committee, advanced to General File. I have no amendments at this time, Madam President.

PRESIDENT ROBAK: The Chair recognizes Senator Dierks to open on the bill.

SENATOR DIERKS: Thank you, Madam President and members of the Legislature. LB 106 is my priority bill. It exempts the sale of veterinary medicines and agricultural chemicals, which are used in treating animals raised for human consumption, from the sales and use tax. I introduced this legislation on behalf of the Nebraska Veterinary Medical Association, and veterinarians across Nebraska, to bring Nebraska's tax policy in line with surrounding states with regard to sales tax on veterinary items. In your files, you will find the memo from my office with an attached table prepared by the Legislative Research Division comparing Nebraska's taxation of veterinary medicine with surrounding states, and I am passing that around right now. As you can see, every surrounding state exempts veterinary medicines to some extent. Kansas, Missouri, and Iowa's exemptions are most comprehensive. We have talked a number of times this year already about the disadvantage to domestic businesses when surrounding states have different, more favorable tax policy. The same arguments apply here. Obviously, there is a significant disadvantage to Nebraska veterinarians and other retailers when competing with similar businesses across the border. Whenever you have items taxed in one state and not in another, there will always be a certain amount of border bleeding. In addition, Nebraska retailers compete with mail-order companies, buying coops and other purchasing options available to producers today that often escape taxation. The need for this bill is driven in part by changes in the livestock industry, itself, and the evolution of the retail veterinary supply business. As feedlots, and farming, and ranching become concentrated in fewer hands in this