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FLOOR DEBATE

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SENATOR REDFIELD: Thank you, Mr. Speaker. Members of the body, I want to go back and look at the budget picture for municipalities and the revenue streams that come in there, because in fact we know that, by and large, they do not have income tax capability. It's the state that has the authority to raise income tax. And when we look at our budget woes we recognize that it is the income tax stream that has been so severely devastated by the current economy. Sales taxes are still in the positive, although they are not growing at nearly the rate that was projected, and so states have actually seen that their rosy picture was not as rosy. And so, even though the numbers are in the positive, they are not supporting the infrastructure that cities thought that they could support. However, cities also have the property tax and, as valuation has increased and the levy lids stay in place, those same levy lids still raise more money or have the capability to raise more money due to the valuation increase. So when I look at the woes in government, I recognize that the cities are struggling but they are certainly not struggling at the same rate that the state is just because of our dependence on the income tax stream. In LB 759, Senator Brashear is proposing that we broaden the sales tax base. When that happens, if that happens, then the authority that the state has to levy a sales tax on those entities, those services or those goods also accrues to the municipalities that have a local option sales tax. So if a city or a town has a local option sales tax they can, by law, if they've had it approved by their voters, levy another 1.5 percent on those goods and services. That's extra income that would accrue as a result of the passage of LB 759 if the sales tax base is broadened. Last year, when we broadened it in LB 1085, the cities had a benefit in that they could also expand their sales tax base and raise revenue with a local option sales tax. I'm looking at the list here in the sheet that was passed out to us by Senator Beutler and it's about \$120 million over the two years in sales tax increases. Now when you put a 1.5 percent local option sales tax on those items, it's about \$36 million of sales tax authority that the cities would have. So I think when we look at the proposed amendment before us, we need to bear in mind what resources the cities have to fund their government at their level and what resources we have at ours. So I think that we can look very seriously at all of the