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minutes.

SENATOR BRASHEAR:      Mr. President, members of the body, thank you, Senator Landis. The sales tax portion of this amendment literally has been years in the making. Those years have brought, believe me, much additional understanding and refinement and that will be part of this discussion. I believe this package combined with that which was done in LB 1085 last year is a package that gets it right. By getting it right, what I mean is it strikes the appropriate balance between base and rate in order to keep Nebraska competitive in the economic marketplace. You will note that elsewhere in this amendment, I would simply extend what took place in LB 1085. With regard to the sales tax, however, I do not. It's not just an extension of LB 1085. I think there is a good reason for that. The 5.5 percent rate adopted by LB 1085 is simply too high. It is too...it is not too high in the sense that people are not willing to pay it. That isn't what I'm talking about. I've always maintained and continue to do so that the sales tax rate is the least complained about tax that we have, but I believe the rate is too high because if you look at the yellow map that you have just received, you can immediately see that it's not competitive. Whether we like it or not, one of the first things that businesses look at when considering locating in the state is the marginal tax rate. The marginal tax rate will make a difference in terms of the cost of doing business and therefore profitability. For good or bad, we can fail to make the short list for relocating businesses if our tax rates are out of line or perceived to be out of line. It is true that we can attract some businesses with specific exemptions but we also can "scare off" some businesses with uncompetitive rates. A brief review of the map demonstrates how our temporary 5.5 percent rate is out of line. The second map demonstrates the best example of our how our base is also out of line but in the opposite way. A narrow tax base does us little good in terms of competitiveness, but it prevents us from keeping our rates competitive. FA1327 will correct those imbalances. By adding enough new goods and services to the tax base to allow the rate to drop to an appropriate competitive 5 percent level we will put our tax structure in line with those of the surrounding states with whom we compete. Let's talk about the candy and soft drinks. The