

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

April 23, 2003 LB 759

Iowa, we talked about the yellow chart, and they do have some tax on a few things over there that we don't. I am going to read you a statement that we found out from Iowa. The state of Iowa has been taxing candy and pop for about 15 years, and they continue to have problems with compliance. In audits conducted by the Iowa Department of Revenue, they continue to find products that should be taxed but which were not. The solution in Iowa for this particular problem is they determine how much that store should have sold over that period of years, and then they charge the store for the tax and interest and a penalty. One small grocer paid over \$3,000 in taxes, interest and penalties for products which he inadvertently missed. There was a larger chain in Iowa, some of the best technology out there, and they have the best in their store, and they negotiated their payment to the state of Iowa down to \$100,000 because of errors: \$100,000. Now we have 1,800 new items coming into the market every year. It's just...it's very difficult to decide what is taxed and what is not, and I still give you my offer to come to the senators lounge, let me go over some of those items. They almost look identical and yet one is taxed, one is not.

SENATOR CUDABACK: One minute.

SENATOR CUNNINGHAM: An example would be Reese's candy bars. Reese's candy bars and Reese's FastBreak candy bar, they're the same flavor. One is taxed, one isn't, but one has flour in it, one does not. A Kit Kat candy bar is not taxed because it has flour in it. A Hershey's candy bar is taxed because it doesn't have flour in it. Little jars of Nestea, drinks that come out of your Visa cooler, one with lemon and one without, but one is also sweetened and one isn't. So the one is taxed, one is not taxed. Apple juice is taxed, the same thing in grape juice. Pardon me, apple juice is not taxed. Grape juice is taxed. Cranapple juice, let's see, Cranapple juice would be taxed. I mean it's very, very difficult. Little cans of grape juice cocktail concentrate, my first look when I looked at it, I said that that would not be taxed because it is a cocktail. And in reality, it isn't taxed...

SENATOR CUDABACK: Time.