

January 15, 1976

PRESIDENT: Alright. Senator Burbach.

SENATOR BURBACH: Mr. President, members of the Legislature. The amendment we are discussing at this time is found in the Journal. Does anyone know the page number? Page 196. I would be hopeful we would turn to the Journal and see the amendment which is under discussion at this time.

Let me tell you now that I have seen, as of 1974, that we did, in 1967, adopt certain legislation to the sales income tax bill that did create a condition of double taxation. In 1974 a very similar bill to 382 was before this body. I was a member of the Revenue Committee at that time. I saw the error that we committed or did in 1967. I attempted to correct that inequity at that time. Because of a word ... and I'm not too certain if the word was "qualified" or "unqualified", it threw a different light on it after it got to the Revenue Department's Office. It did not do those things which I told the Committee which adopted the amendment and all the things that I said on the floor because of different interpretation in the Revenue Department's Office.

I do have this amendment now before us. I'd like to have everyone listen very closely because this is an important matter, it is a correction. It is an approach to absolute, single taxation. There is no double taxation, whether it be on the local co-op level, or whether it be on the regional level. There is no double taxation when you finally received your patronage refund which has been retained for X-number of years, whatever the bylaws of that co-op refer to.

Let me use an example, a hypothetical case. I am going to say that supposing that an individual bought \$1,000 worth of lumber, fertilizer, tires, gasoline, or whatever that co-op may be a retailer of. This corporation makes a determination it is going to pay back 10% patronage refund. Ten percent of that \$1,000 would be \$100. Now then further the corporation, the co-op says, we're going to pay to that patron \$50. We are going to retain \$50. But the patron he must file a declaration on his income tax to the State of Nebraska as though he received \$100, and yet only received \$50 in cash. I use this as an example because it is exactly the percentages used in the co-op in Fordyce, Nebraska which I have done business with over the years, which I sold my business to on January 2 of this year. So I know what I'm talking about. I am concerned with the patron. I want that patron to pay only on the \$50 cash that he receives, and that the co-op or the corporation pay a corporate tax for that money that is retained.