

its administrative costs. Periodically we address the issue is the sales tax credit rebate fair? Is it adequate? In fact, Senator Beutler this session is also concerned about this issue with his introduction of LB 317 to adjust the credit upwards. Inflation, deflation, economy swings, all of these things change faster than this legislative process can move in addressing this question. Department of Revenue estimates say that the cost of administering this program is roughly, and I say roughly because the figures range anywhere from \$150,000 to \$225,000, that is a pretty broad range just to process the separate credit forms. This does not include the labor or the cost involved of processing credits claimed on normally filed income tax forms. Supposedly the tax collected by the state is greater than the refund given by...we will give you a figure here of \$3.8 million but this varies because Commissioner Karnes has said the last three years the state has paid out more in credits than it has collected. In addressing this problem, consider the people who don't file for the credit. Should the state gain at their expense? I would hope that this would prick your conscience a little. If the tax collected is greater than the refund, I again say it is because maybe people don't file, whether they are the elderly because they don't know, the poor because they don't have access to input, the minorities, all of these people need the relief the very most and they are being penalized. I suggest to you that we should eliminate this unnecessary tax collection and the recycling of tax dollars. Then we won't be harming those people who don't, for whatever reason, apply for the credit and we won't penalize those who need their money. They need it now at the cash register. They don't need it later when their tax credit comes in. Statistically LB 363, as I have said, eliminates the tax on food or food products. It ties the definition, as I have said, to the federal food stamp program. It does not eliminate the sales tax on food consumed in restaurants or on or off the premises and it does not eliminate food sold in vending machines. It does, as I have said, eliminate the food sales tax credit. There is one key in this bill that you should all be interested in and that is the operative date. The food sales tax would be paid until October 1st, 1983. The tax credit would be eliminated in the taxable year, January to September 30th of 1983. For the first year only there is a one time gain to the State of Nebraska. This enables the State of Nebraska, the cities, everybody involved, to make the adjustments necessary. You are looking at \$11 million fiscal year gain. If you take it on a calendar year gain it runs anywhere from \$30 million to \$40 million, and you say, well, that is a nice spread, \$30 million to \$40 million, and I will tell you why it