

May 23, 1973

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as Senator Duis has just stated, Nebraska is the only state that goes to this extent of taxing Co-ops. Now Coops are playing a real vital part in the farming..in the rural economy especially and I think they are being subjected to an unfair tax. It's double taxation, in my opinion, and I do support the Duis amendment.

SPEAKER: Senator Burbach.

SENATOR BURBACH: Mr. President and members of the Legislature, let's look at the history of what's happened in Nebraska. I don't know what has happened in these other states but in 1965 this body passed an income tax bill. It was immediately taken to court and it was beat..or by the legislation to the ballot and it was beat by the people. At the same time, those people who wanted an income tax drafted a Constitutional amendment and placed it on the ballot at the same time. This was supported..this Constitutional Amendment had to do with the state getting out of the state property tax field. No place, no money, from any area for the operation of state government from real or personal property. You are well aware that in 196..this was taken to a vote in 1966. In 1967, this body passed the sales and the income tax. Those people who were very vociferous in their demands that there be no state property tax were the farm organizations and were the Co-ops. The Co-ops asked at that time not to be subjected to a state property tax. At that time, that tax levy was 10.67 mills. Do we stand here and say that those people specifically said we do not want to pay taxes? I don't think this is true. I think those people who cast their ballot recognize that the other merchant in the town pays an income tax on the business they do. We are talking about Co-ops and I don't want to belittle of their numbers but their places of business in the state of Nebraska is in the minority. Are we going to listen to a group of people who are

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saying we didn't want no property tax. We don't want to pay an income tax as other business men do. I don't believe that's the true feeling of those people who cast the vote in that '66 election. It might be the thinking of those who sit in the back seats back here, who tell us this is double taxation. This is not double taxation. This is a rightful tax and if we want to snuff out the little businesses and let them pay their dividends, their retains. Retain them for two, three, four, or five years to build and expand their business and then, eventually, if profits are made and disbursed, then a small token of income tax is paid. But if we want to keep Nebraska business in a competitive state, I urge you to turn this amendment down. We are talking about \$498,000 of the Co-ops share of taxation. Just under a half a million dollars. Do we want to erode further on our tax base? Do we want to say, well this \$498,000, let it go? Senator Cal Carsten had a bill in our Committee which wanted to exempt from the sales tax those who are putting in rural water systems. Our Committee killed that bill because it was eroding away on our tax base. We will hold a study on that this summer, hopefully. We also had a bill here which would exempt from taxation pickups motor vehicle registration fees and the like. Other Senators were approached by other organizations such as the Bureau of Reclamation. We don't want to pay any tax and this is normal that we ero..that we ask not to pay taxes but I ask you and I caution you. Before you vote on the affirmative on this amendment to consider the erosion of the tax base. \$498,000 is the best computation that the Revenue Department could give me of what