

April 10, 1979

LB 16, 542

PRESIDENT: Motion is to advance LB 542 to E & R for engrossment. Any discussion? All those in favor signify by saying aye, opposed nay. LB 542 is advanced to E & R for engrossment. That will conclude that part of Select File. We will continue then with agenda item #6 on the Speaker's order with a special order for forty five minutes on LB 16. Mr. Clerk, you may read LB 16.

CLERK: (Read title to LB 16.) The bill was read on January 4 of this year. It was referred to the Revenue Committee. The bill was advanced to General File. There are no amendments pending, Mr. President.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President, members of the body, this is the third year that I have introduced the elimination of sales tax on food. Senator Chambers and I have generally had rival bills but this year LB 16 was the only bill that the Revenue Committee advanced to the floor of the Legislature. The bill was advanced primarily because the approach that I have taken on the elimination of sales tax on food is a more conservative approach than that which Senator Chambers has taken and since this seems like a conservative year and a conservative body I am sure we will all want to take this conservative approach to allow an exemption from one of the major necessities of life, that being food. Just to do a little historical information, I know that this bill is not foreign to anyone on the floor whether they are freshmen this year or whether they have been around for a few years but I would like to explain ever so briefly some of the things that this bill does. Unlike other proposals this bill allows for only those staple food products which are necessary to sustain life to be exempted from sales tax in a retail establishment. It differs from Senator Chambers bill inasmuch as unlike Senator Chambers bill which would have exempted certain foodstuffs at restaurants, vending machines and others. This bill only exempts foodstuffs that are purchased at a retail outlet for home consumption. Basically it is the intent to make this bill very similar to the elimination of sales tax on food that has taken place in Iowa in recent years, that being only those foodstuffs that are, in fact, exempted or that you can use food coupons or food stamps for on a federal level. I have some information as to cost of this program to the state. It really means a basic shifting and if you will look ever so briefly at the sheet that I have just sent out to most of you on the desk, the one that deals with distribu-