

some things in that regard. We have exemptions presently on housing. We have exemptions for the ownership of homes by the elderly going well beyond the basic minimum, in fact, going on into an area which may be considered even more than a minimum. We presently exempt \$25,000 of a valuation on homes for the elderly. We do exempt for those under the...other groups we do have a basic exemption in housing. We have not provided an exemption in clothing as other states have and this would be, if we pass this bill, the first attempt to try to deal with one of the most regressive factors in our present sales tax law. There will be many arguments on this floor about the progressivity and the regressivity and the use and the benefit of an exemption and one of the arguments will be that we have a credit and the credit I would like to speak about just for a moment. Today we have a \$20 credit on food purchases and if you would believe the fiscal note in this state of lost revenues for this bill, we would be exempting, we would be losing substantial amounts of revenue. Now if that food credit was beneficial and was, in fact, a replacement revenues for the individual home owner and individual consumer, then we would not be losing revenues. The credit would be very close to what would be, to what we are taking in from the sales tax on food. That is not the case presently and it has never ever been the case and it has really never ever been intended to be the case. We, the State of Nebraska, are quite happy to raise revenues from the food tax, revenues that we do not replace with the credit, wholly and adequately replace with the credit. There are large segments of our population who either do not file tax forms or in other ways do not benefit from the elimination. An estimated 9% of the population does not claim the credit and consequently those people are unable to benefit from the elimination or from the credit system. Those people tend to be the poorest of the poor, the elderly on fixed income, the poor that do not file income tax and so consequently do not avail themselves to the Nebraska state tax credit and for that reason this is even more regressive. Our present system which credits inadequate amounts still does not provide 9% of the Nebraskans...

PRESIDENT: One minute, Senator Newell.

SENATOR NEWELL: ...with that exemption and these are some of the key factors in this whole question. I think that it is important that this Legislature consider this exemption as the first step to basic tax equality. This Legislature has not been hesitant to exempt and to exempt and to exempt and to exempt. This Legislature has been fairly liberal