

January 21, 1980

LB 15

units for this legislation. They will be cooperative if we eliminate the sales tax on food at some future date and then try to find a replacement revenues.

SENATOR LABEDZ: Senator Newell, isn't it true though that in order to have an earnings tax in Omaha or any other city they would have to have legislative approval?

SENATOR NEWELL: That is true, Senator Labeledz, and the city has been quite successful in getting new revenue sources out of this Legislature. Whether they will remain successful I do not know but I am sure that combined with the state's loss and so forth that there will be an active approach to try to find replacement monies once the elimination of sales tax becomes law and during the interim before it becomes effective.

SENATOR LABEDZ: Thank you, Senator Newell. I highly support the removal of the sales tax on food but I would have to see first and I know it is difficult for you to tell us now what exactly replacement we would have. I would object to a sales tax on services. I highly object to an increase in the mill levy for the property tax and it is very doubtful and it has been tried before for us to get an earnings tax. So until we come up with an alternative, I think we are just batting our heads against a wall. Thank you.

PRESIDENT: Amendment on the desk. Mr. Clerk, read the amendment.

CLERK: Mr. President, Senator Newell moves to amend by making the effective date in LB 16 to July 1, 1983.

PRESIDENT: The Chair recognizes Senator Newell on his amendment.

SENATOR NEWELL: Mr. President, members of the body, I have offered this amendment which has been much talked about prior to this, this amendment would put an effective date to delay the actual elimination of the sales tax on food until July 1, 1983. That would provide this Legislature with three years after this year to find the appropriate replacement revenues. Now the problems Senator Labeledz has talked about are problems that I am well aware of and they are problems that exist not only for the City of Omaha, but for the City of Lincoln and Bellevue and North Platte and any other cities that might raise revenues from a sales tax and these are very important issues especially when one considers what kind of tax system we have in this state. I think it is generally understood that we have gone as far as we can with our present system of taxation,