

and that there needs to be a major reform. I, like Senator Labeledz, am much opposed to any property tax increases and I think the people of Omaha are also and for that reason we are talking, not so much about increased property tax things but other proposals that would change the revenue base here for the state and provide for revenues. I would like to talk about just a couple of possible options which could provide the cities and the state government which will lose considerable amount of money with some replacement dollars. State aid to cities and counties, cities and villages, would be very significant in this regard and that is one way to use sales and income tax dollars. You know I have always opposed an increase in the sales and income tax rates for the obvious reason, more so of the sales tax rates than I have the income tax rates, primarily because the sales tax is a regressive tax and the sales tax on food is the most regressive tax and with this exemption I would be much more supportive of using the sales and income tax revenues for general property tax relief. So for that reason I think that there is some benefit to providing this exemption. I think it would allow us to be more able to use the sales and income tax to provide property tax relief. I would like to discuss just briefly some of the figures that the Department of Revenue's projections which is based on the USDA estimates of consumption. Now the projected loss for 1981 as the bill is presently written is fifty-five million dollars. Now that does not consider the fact that we presently give thirty million dollars in a credit. So what we are basically talking about is with this, the Department of Revenue has suggested that we would be using the fifty-six million dollar figure but the food tax credit which would not have increased in 1981, they are not assuming an increase, in other words they are assuming it will remain at \$20 even though the Governor and others have proposed an increase in the credit, of thirty million dollars of revenue that now is paid back on the credit system, which means a net revenue reduction to the state in 1981. That is not today but a year from now of twenty-six million dollars. Now simply said, we are talking about twenty-six million dollars which is presently being raised by the sales tax on food for expenditure by the state. That does not... that means our credit system is woefully and totally inadequate and so consequently we have not only the regressivity, the fact that people fall through the cracks, do not apply for the credit but other basic inequities. One of the most common inequities is, in fact, the inequity of the fact that many people do not buy foods and especially