

prepare that food and eat that food and file income tax forms from that area and consequently receive the full credit. That happens maybe to somewhat of a lesser degree in Omaha also, and in most of the eastern cities that border Iowa which does not have a tax on food. These are the kinds of problems...this is a very practical problem that I think we have to look at. We also talked about with... Senator Chambers talked with a certain amount of compassion, Senator Johnson a certain amount of compassion about those people who for one reason or another do not apply for the credit, and there is a large percentage that do not. I would also like to read just briefly a letter that Esther Hammond from the city of Lincoln, who is a senior citizen and an activist, who has been working on behalf of the elimination of the sales tax on food and some of the reasons she feels that we ought to eliminate the sales tax on food. Basically, as we all know, the State of Nebraska receives the revenues from this tax, in fact, even in the best year we do not claim to provide a hundred percent of credit for those people for the use of food but only try to reimburse to the average median income level. Now we are behind that substantially and we will still be behind that with the \$26.00 credit. What we need to do, as I pointed out with some figures that are a couple of years old but do show the regressivity in the sales tax on food that tax burden hits the low and middle income people the hardest. It is a much larger percentage of their total income and consequently is a great burden on them. We also have the fact as we all have talked about when we talk about replacement revenues, the need to replace those revenues. Esther Hammond said that the profit comes from...profit that the state makes comes not only from the fact that we do not reimburse totally through the credit system, but it also comes from those people who do not file forms and who die or other kinds of provisions. That the processing was less expensive, the tax official thought that everyone was aware of it, but that many people do not yet file those tax forms and that we do pay...the state pays a three percent cost of collection by the retailers involved, and consequently those are additional dollars that the state does not receive which also is added to that amount. So also one of the reasons that retailers outside of the eastern border of the state where they buttress against Iowa, which has no food tax, tend to be in favor of the sales tax because the state does the processing, pays the cost, they collect the three percent for that processing. So that is additional revenues that come out of the state's share that really should be given to the taxpayer. There was also some... Esther Hammond also talked about some other provisions and other tax laws' basic inequities to senior citizens, and