

May 14, 1981

LB 12

ASSISTANT CLERK: Mr. President, I have a motion on the desk. Senator Maresh moves to return LB 12 to Select File for a specific amendment.

SENATOR MARESH: Mr. Speaker and members of the Legislature, I would like to alert you that LB 12 is on the endangered species...about to be shot down if we don't make this change. The Governor has promised a veto if we don't cut down the amount of credit from \$3 to \$1 in 1981 and another \$1 increase in 1982. That would make the tax credit \$29 for 1981 and \$30 for 1982. I move that the amendment be adopted.

SPEAKER MARVEL: Okay, the motion is to return to Select File for the specific amendment. Senator Beutler. We are speaking to the motion to return.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I would like to very strongly oppose the amendment. First of all, let's be clear on what we are doing. The food sales tax credit now is \$28. What this amendment says is for this year we will raise it by \$1...\$1, that is a 3 percent increase in the credit. And for next year we are going to increase it by another \$1, so that would be more or less 3 percent for that year. But I suggest to you that food prices have been increasing at 3 to 4 times that rate and that in all probability in that two-year period the increase will be more around 20 percent in terms of the cost of food, and we are talking about a 6 percent increase in the credit. We have had a debate that we are all familiar with in the Legislature with regard to whether we should do away with the food sales tax altogether or whether we should retain a credit system. And the one strong argument that the credit system has had is that it bears some reasonable proportion to the taxes paid on food. But now one of the strongest supporters of the system, the Governor, is coming in here and telling the Legislature that he is not willing to even stand by that system, and that now we are going to have a credit system that doesn't even keep up with the cost of food. If you follow the credit system philosophy, which a majority in this Legislature has to date, then I hope you will reject the amendment and stick to your philosophy. If you are not sticking to that philosophy, then I guess I can just hope that next year you will go along with the rest of us who hope to do away with the food sales tax altogether. But I think that this departure is a serious departure from the commitment we have made to the people of the State of Nebraska. I feel that most of the people in the state don't want a sales tax on food to begin with but many of them are willing to go along