

turns out is, in fact, it is more expensive to change those than to just simply print up a new card to let the sales person check the price and add it. That you have to bring in a service person, you have to kind of reprogram it when you go to quarter percents, that there seems to be some sort of thing about having to add another digit and so on so it is fairly expensive and somewhat of a nuisance for businesses to have to constantly change the sales tax rate. Now we started moving to tuning the sales tax and income tax on these smaller percentages. We run into a very distinct possibility of a roller coaster type situation because each of the increments is such a small amount of the total amount of state revenue. And as we all know and has been proven to us many times, revenue projection is not an exact science and that there is a range of error, a couple percentage points either way on the projection. Now if we go to a smaller percentage to allow for the adjustment of the rate, maintain the so-called nearly as equal test, it says the sales and income tax rate have to be close in terms of revenue, we may find that simply because of the errors in projection which there is going to be a certain statistical percentage of error, and because that the rates are supposed to be so finely tuned anymore with this bill, that every time the Board of Equalization meets it will raise, have to raise the sales tax or lower it. In fact, one percentage increase right now in the income tax would trigger under this bill, a quarter percent sales tax increase. So you can see that really it gets to a very, very fine tuning situation. What the amendment says is that as far as the sales tax is concerned it is changed only once a year. It used to be that the Board of Equalization only met in formal hearing once a year and then it was decided that they should also meet at the adjournment of the Legislature. So there is at least two required Board of Equalization meetings and there may be as many as three in a year or four, depending on the tax situation. So in order to prevent this sort of burden to the businesses of having to constantly recalibrate, recalculate, reprogram their machines, the suggested amendment is simply that we require the sales tax to be adjusted, if it has to be adjusted, only once a year to try and remove the burden and the cost. If we're going to go to this smaller percentage on the sales and income tax in order to avoid a roller coaster effect for the sales tax because of the changes in income flow in the nearly and equal test, it seems to me reasonable to require that sales tax only be changed once a year. I think to do it more than that creates a burden on Nebraska businesses, confusion with the consumers and a certain amount of frustration with the tax system. So I would move for the adoption of this amendment.

PRESIDENT: The Chair recognizes Senator Carsten.