

amendment says we will increase the state sales tax one cent, we will increase the state sales tax one cent and we will dedicate that one cent to property tax relief. It either gets dedicated to homestead exemption, as in 712, or it gets dedicated to a ten percent across the board property tax cut, as in LB 38 which is Senator Lamb's bill, or it's going to get dedicated to some form of state aid to schools. But the first principle is that we will increase the state sales tax one cent with that one cent being used totally and absolutely for whatever the property tax relief bill is. Now this amendment on LB 712 is the one to increase the state sales tax. So we would go, under today's strictures, from 3.5 cents per dollar to 4.5 cents, with the 1 cent being used for property tax relief. I should tell you a nuance, I know that it is important for me to be totally up front about it, as you know today a sales tax on automobiles goes into the highway trust fund. This bill takes that increase portion of the sales tax on automobiles and doesn't put it in the highway trust fund. It puts it into property tax relief. Okay, this amendment does that. In addition the sales tax would be increased under this amendment the first of October, 1985. Finally, this amendment if passed would provide us adequate funds to take care of the existing \$3,000 homestead exemption which is going to cost the state \$18.9 million. So that would no longer be a budgetary concern of us as we do the appropriational process. But this is an important amendment. You don't want to vote on it until you know what it does. It increases the sales tax one cent for the purposes of property tax relief. With that, I will take up any discussion on the amendment.

SPEAKER NICHOL: Senator Remmers, please.

SENATOR REMMERS: (Response inaudible.)

SPEAKER NICHOL: Senator Sieck.

SENATOR SIECK: Mr. President, members of the body, it increases the sales tax one penny, that is what he said, this amendment. Do we want to increase the sales tax one penny? I say no. I don't feel we want to do this. Now we are not talking about the bill, what it will do for homestead exemption, all of that, but we are talking about it's going to increase the sales tax one percent and it will be that forever through homestead exemption. That will mean that the wealthy, the people that can afford homes are going