

SENATOR MARSH: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, LB 280 is a very significant revenue raiser to the State of Nebraska. This bill was brought to the Revenue Committee by Senators Arlene Nelson, Ray Lundy, Carol Pirsch and a couple of others, including myself. The issue of an increase to the alcohol taxes in our state has been debated over the last several years and it's been debated in a manner that has not been productive of a tax increase and as a result the state tax rates on alcoholic beverages continue to diminish in relationship to national tax rates on alcoholic beverages. So at this point the State of Nebraska's tax rates are significantly lower than the tax rates of most of our sister states. The Revenue Committee heard testimony on the bill and it heard lots of opposition from the affected industry and subsequent to the public hearing the Revenue Committee members met with bill sponsors in the industry and in effect, in effect negotiated a tax rate that...a tax rate increase that the Revenue Committee believed to be appropriate and that the industry found to be an acceptable increase in light of the kinds of taxes that the industry faces in other states. So the committee amendments that I'm about to offer which the Revenue Committee approved, I believe unanimously, represent the negotiated compromise on the tax rate issues and here are the committee amendments. Number one, the current tax on beer is 14 cents a gallon. On October 1, 1985, that would go from 14 cents a gallon to 20 cents a gallon and on October 1, 1987, from 20 cents a gallon to 23 cents a gallon. The wine tax is currently 65 cents a gallon for that wine that has less than 14 percent alcohol content and it's \$1.25 a gallon for wine that has an alcohol content in excess of 14 percent. That is known as fortified wine. The tax on wine would increase under the compromise amendment by 10 cents a gallon, from 65 cents to 75 cents for regular wine and \$1.25 to \$1.35 for fortified wine. Finally, with respect to hard liquor, otherwise known as spirits or distilled spirits, the current tax is \$2.75 a gallon and October 1, 1985, that would increase to \$2.90 a gallon and October 1, 1987, it would increase to \$3.00 a gallon. Now the other condition I guess of the agreement that we effected, while we all know that legislative agreements are not binding on subsequent Legislatures, the understanding was that the liquor taxes would be left alone until October 1, 1989. In other words,