

February 27, 1992 LB 1063, 1120

designed to hit the more luxury items on a service tax area. And I just want to make another point about service tax, we talk a lot about whether or not we should expand the sales tax base to services. First of all, we already do tax some services. We tax, I believe, cable television and some laundry services, so to suggest that we don't tax services now is not correct. Secondly, I think one of the great disservices that the lobby that talks against a sales tax on services has done to this state has prevented us, as a body, from moving into this area in any great extent, so what happens is the normal sales tax rate continues to go up, and that hits the average taxpayer who is out there buying necessities of life, when we could simply expand the base, keep the rate...could I get a gavel, Mr. President?

SPEAKER BAACK: (Gavel.)

SENATOR ASHFORD: Keep the rate at a reasonable level and still provide the revenues that are needed. Secondly, one of the other, I think, myths about a service tax is that it increases spending, that it is an invitation to spend. Well, in fact, under the system we have had in the last five to six years, certainly our spending has gone up anyway, so whether or not we had a sales tax on services or not, there doesn't seem to be any correlation between those two, and clearly I think that is an indefensible position. So the 1120 process, through the Revenue Committee, has provided a valuable service because we are looking realistically at a replacement revenue that makes sense. Secondly, another myth that I think has been floating around is that we are, in LB 1063, we are talking about business taxes, taxes that don't impact the private citizen. Well, obviously, anytime we tax business, that cost is normally passed on to the consumer, but, secondarily, we are a state of farmers and small businessmen, primarily, business persons, and those costs that we incur in taxing our property are taxes on individuals just as much as they are on businesses. So I think that that is a myth, that it just keeps getting thrown around, that does not reflect economic reality. So 1120 is out there and there are some good things in 1120, in my view. LB 1063 is also a very well-thought-out plan. It did not come through the Revenue Committee process. It didn't come out through the Revenue Committee process but it came out through the 3-R Committee process, and I think, as I said before, that there are a lot of good things and good positive elements of LB 1063, maintaining the tax base. It is fair and equitable across the board. It is