



Testimony: LB289 - Nebraska Tax Package

Chairman Linehan, members of the Revenue Committee,

Thank you for the opportunity to speak today. My name is Jessica Shelburn and I am the Nebraska State Director of Americans for Prosperity. On behalf of our 45,000 activists across the state who are dedicated to driving long-term solutions to our state and country's biggest problems, I am here to oppose LB289.

I would like to commend the committee for your hard work and your commitment to find property tax relief for Nebraskans. Unfortunately, we do not think that LB289 in its current form is the best option.

We do support the proposed transition of funding for K-12 schools being placed more on the state – this funding transition can have numerous benefits, including facilitating the adoption of a school finance system that celebrates and respects the needs of individual children. The trick as you are well aware, is how do we fund this transition.

There are some additional provisions of AM1381 that are a step in the right direction. The bill eliminates several sales tax exemptions for currently untaxed goods and services. However, to be clear, eliminating these exemptions is only one part of the equation.

I have talked with several of you, so this will come as no surprise that while we support removing some of our 175 sales tax exemptions, these exemptions represent the government picking winners and losers. AM1381 furthers government picking those winners and losers by only selecting a handful of industries that will lose their exemptions.

Reducing the overall number of exemptions in our tax code is an improvement in the structure, but would result in a tax increase for many taxpayers without a corresponding rate reduction. I encourage lawmakers to consider offsetting any provision that increases revenue with across the board rate reductions for Nebraska taxpayers, rather than proposing an additional across the board hike. This cannot be considered “revenue neutral” when the government is now collecting more revenue than we currently are.

We are committed to standing with the people of Nebraska against damaging tax rate increases. As such, one of the major concerns we have with AM1381 is the three-quarter cent increase in the state sales tax. Last year, the average Nebraskan paid \$2,503 per household in state sales taxes. If this legislation is enacted, that burden will increase to \$2,848—an increase of nearly \$345. Making matters worse, eight counties are projected to pay more in increased sales taxes than they will receive in property tax relief. This tax shift will actually be a tax increase.

This increase would hit low income communities hardest, as they already spend a disproportionate amount of their income on sales taxes. This increase in the sales tax rate will only widen the gap



between the haves and the have-nots in our state, making it even harder for those who are currently struggling.

We cannot tax our way to prosperity. I know how unpopular it is to tell state and local government agencies that they must reducing spending, but this has to happen. We will never ease our tax burden without controlling spending. The continuation of a tax and spend policy will continue to fail Nebraska. It is our fear that although AM1381 does take some steps to control spending and may provide property tax relief to a few initially, it will only be a matter of a year or two and you will once again be looking for more revenue in attempt to provide relief. It is time for lawmakers on both sides of the aisle to understand increasing tax revenues is not how we solve our property tax issue.

Americans for Prosperity-Nebraska will continue advocating for an economically efficient tax system that promotes economic growth and has two important features: (1) low rates and (2) a broad tax base with few exemptions or deductions.

It is time for a new approach to help build a brighter, more prosperous future for Nebraska. I thank you again for the opportunity to testify in opposition to AM1381 to LB289 before this committee today.

Jessica Shelburn

Nebraska Director Americans for Prosperity

Our mission: Americans for Prosperity exists to recruit, educate, and mobilize citizens in support of the policies and goals of a free society at the local, state and federal level, helping every American live their dream – especially the least fortunate.