

Possible tax relief on horizon

Brashear's proposed bill would increase tax on services

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Legislature

For Nebraska citizens who want property tax relief and lower sales taxes, one senator has a proposed solution.

With only 14 days remaining in the legislative session, Sen. Kermit Brashear of Omaha announced, at a press conference Thursday, a major tax change plan that would reduce Nebraska sales, property and income taxes while increasing sales taxes on services.

The plan's most significant changes include:

- Decreasing sales tax from 5 to 4 percent.
- Reducing city property taxes and state income taxes.
- Exempting property owners from paying taxes on the first \$12,500 of their valuations.
- Giving farmers a \$2,500 refundable tax credit.
- Expanding the city's sales tax base.

Those tax credits and cuts would amount to \$547 million. But that amount would be balanced by a considerable increase in sales taxes

on services such as those provided by an attorney, a real estate agent or an auto mechanic. Those new taxes would generate \$550 million.

Health care and computer and data processing services would not be taxed. Brashear said his proposed plan was intended to replace LB1099 — a bill that would have changed taxes had it not been killed by the Revenue Committee in February.

He will bring the revised plan to the floor for discussion next week in hopes of getting a two-thirds vote to pull the bill out of committee.

He said he introduced the plan because he knows the people in Nebraska want lower taxes, and it could help the state economy grow.

"It's a vehicle that could be used as dynamic tax relief that our citizens have been crying for," he said. "This plan is responsive to all of them."

He said he thought people are more willing to pay sales taxes on these items because it is voluntary, as opposed to most residents who

pay property and income tax.

"When you tax services, the people who pay are the people who use that service, which contributes to tax revenues," he said. "For example, if you do not use a lawyer, then you will not be taxed for that service."

South Dakota taxes three times and Iowa taxes twice the number of services that Nebraska does, he said.

Part of the plan would generate \$44 million in new revenue in Omaha if the city sales tax base was expanded, Brashear said. That money could help fund a proposed multimillion dollar convention center and arena, which he said was a good idea for the state's leading city. Other Nebraska cities would receive a total of \$50 million.

But Sen. Stan Schellpeper of Stanton said the Legislature hasn't seen enough support from the Omaha business community for the convention center. He said some corporations would have to show long-term commitments before increasing the taxes in the state.

With a short session this year and only two weeks left, he doesn't think there is enough time to decide

such a major issue, but he does agree with increasing taxes on services.

"My concern is that we don't want to jump in too fast," Schellpeper said. "We don't want to do a major tax shift without the taxpayers' input. In the past that (kind of move) has been very unpopular with people who have to pay taxes."

Schellpeper said a case study should be done to see how the plan would affect the state and the business community, and to see who opposes and supports it, which could take several years.

Sen. Chris Peterson of Grand Island agreed with Schellpeper on the time element.

"I'd be reluctant to support something like this without going through the traditional Legislature process with public hearings," she said. "There's not enough time for me to talk to my constituents to see how they feel and how it would affect them."

But Brashear said he has been working on this proposal diligently during session; it just wasn't ready for hearings. He said the plan was not so urgent that it absolutely had to get approved this session.

Campaign costs soar to new heights

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Wiechmann said although his presidential ticket lost, it was not because they spent less money.

"We had two big parties who organized and fund-raised and both made a good run," he said. "I don't think either party bought their way."

Wiechmann said VISION should have printed more T-shirts and spent more on election day. That aside, he was satisfied with campaign spending, especially the 2,000 postcards and 1,500 fliers VISION sent out.

Some things COMMIT bought, such as balloons, pens, pencils and red plastic cups, probably were unnecessary, he said.

Russell said those types of souvenirs didn't make the difference.

"I gave everyone at the university more intelligence than just a cup in their hand," she said.

Russell said making sure COMMIT was ahead was important. And competition can get expensive, she said.

"Getting the word out makes the difference," she said. "I would like to see the emphasis less through trying to obtain it through financial measure."

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