

February 15, 2017

The Honorable Jim Smith,  
Chairman, Revenue Committee  
Room 1116, State Capitol Building  
Lincoln, NE 68509

RE: LB 452

Dear Senator Smith:

In the interest of providing a unified message, a number of business organizations and associations have formed a coalition to voice concerns with LB 452, which proposes to place sales tax on certain services and remove sales tax exemptions from certain goods.

Sound tax policy dictates that any given tax should consist of the broadest and lowest rates possible. Although no essential differences exist between sales of goods and sales of services, there are criteria that should be applied when considering those taxes.

Sales taxes on goods and services should not be applied so as to have a substantial negative affect on the ability of Nebraska businesses to compete with those of other states, or cause a business to shut down. A sales tax on services should not be applied to highly portable or mobile industries which can easily relocate in another, non-services tax state. Sales taxes should be paid by the final consumer and should not apply to goods and services that are essentially inputs purchased by a business to be used in producing a good or service to be sold. Sales of services essential to maintaining quality of life or health should not be taxable. Sales of services which constitute low-level transactions or which overlap between legitimate sales and underground sales should not be taxable. Businesses providing services to tax exempt parties should not be required to collect the tax for such sales. Finally, tax should be collected on all sales occurring in Nebraska, regardless of the situs of the seller.

In addition to the above policy considerations, the coalition is also concerned that LB 452 grows government and red tape in Nebraska. Many of the items taxed under LB 452 will require extensive and complicated rulemaking to implement and will require more government lawyers, auditors, and other staff to collect and enforce the new taxes.

While we commend Senator Lindstrom for his dedication to taxation issues in Nebraska, we do not think LB 452 is the solution. We hope that the members of the Revenue Committee see fit to hold this bill and not advance it to the full legislature.

We respectfully ask that this communication be made part of the committee hearing record.

Sincerely,

Airport Transportation  
American Council of Engineering Companies of Nebraska  
American Institute of Architects, Nebraska Chapter  
Camelot Transportation

Coin Laundry Association  
Happy cab  
Home Builders of Lincoln / Metro Omaha Builders Association Coalition  
National Federation of Independent business  
Nebraska Association of Commercial Property Owners  
Nebraska Bankers Association  
Nebraska Chamber of Commerce & Industry  
Nebraska Indoor Tanning Association  
Nebraska New Car & Truck Dealers Association  
Nebraska Petroleum Marketers and Convenience Store Association  
Nebraska Realtors Association  
Nebraska Restaurant Association  
Nebraska Retail Federation  
Nebraska State Fair  
Nebraska Transportation Association  
Self-Storage Association  
Uber

Cc: Senator Brett Lindstrom