**For Release Wednesday, May 29, 2019**

**Capitol View**

**Commentary by J.L. Schmidt**

**Statehouse Correspondent**

**The Nebraska Press Association**

**They Had One Job to Do!**

You had one job Nebraska Legislature. Tax reform. Shake things up. Try new approaches. Change some things. Provide property tax relief.

Instead, you're leaving town four days early with your "there's always next year" attitude intact. Same as it ever was.

Already approved by the Legislature is a $51 million annual increase in the state's property tax credit fund. That came with opposition from the Appropriations Committee and another dent in the state’s cash reserve fund. But the Governor says it is in line with his number one priority, property tax relief.

In a recent news release from his office, he touts the total $275 million in property tax relief annually for all property owners.  That’s nearly double the direct property tax relief to taxpayers in the last five years with total property tax relief and state aid to local government at over $2 billion annually, he says.

Guess what folks, the Appropriations Committee had recommended half of that $51 million be sent to replenish the “rainy day” fund. I agree with their intention and woe the day when that money is gone.

As the session skidded to its early out for the year, the Revenue Committee’s tax reform package (LB289) came up for another gasp of air in abbreviated form. The presumed -- dead measure would raise $372 million in new revenue to fund substantial property tax relief delivered through state aid to schools. Also kicked around were proposed amendments to another bill (LB183) that would offer a more modest plan that funds about $100 million in additional property tax reductions.

**For Release Wednesday, May 29, 2019 – Page 2**

The committee plan includes $171.5 million from a proposed sales tax increase and $27 million from a cigarette tax hike. The amendments from Albion Sen. Tom Briese (to LB183) would eliminate the half-cent increase in the state sales tax rate and boost cigarette taxes. He says his amendment also would adjust the earned income tax credit to protect lower-income Nebraskans from the impacts of sales tax base expansion.

What the Governor and other opponents see as tax increases are tax shifts. What the Governor and opponents want to do is continue to cut government services. They would benefit from looking back on the mess that Governor Norbert Tiemann inherited in the mid-70s when he decided to forego a bright political future by doing what was right for Nebraska. Oh, and yes, he was a Republican.

Replacement revenue has to come from someplace. Increasing sales or income tax rates or elimination of sales tax exemptions and other tax breaks are hard to sell politically – hence our current mess – but that’s what a comprehensive tax policy is all about. Stop raiding the cash reserve. Dammit.

Tax reform can be revenue-neutral, but it's easily portrayed otherwise by critics in an atmosphere that applauds tax cuts and spending reductions. Ask the folks in Kansas how that worked out for them.

Sens. John McCollister of Omaha and Curt Friesen of Henderson also had a backup plan to the bill that would decrease the proposed half-cent increase in the sales tax rate to a quarter-cent and add an income tax component that impacts high-income taxpayers. They would also raise the cigarette tax, change school funding provisions to appease metro school districts and direct $25 million to the cash reserve fund. Yay for them.

For the record, Briese, Friesen and McCollister are all Republicans in the officially non-partisan Legislature.

**For Release Wednesday, May 29, 2019 – Page 3**

Meanwhile, those hoping that an initiative petition drive aimed at getting a proposed constitutional amendment on the 2020 ballot to address the problem were temporarily sidetracked when Nebraska Taxpayers for Freedom backed out of the campaign. A citizen-led group, True Nebraskans, said it was picking up the ball. The measure would provide taxpayers with a state income tax credit equal to 35 percent of local property taxes paid.

Here’s the reality. Paying circulators to get the needed signatures could be very pricey and difficult since the most signatures have to come from the heavily populated areas where the support isn’t necessarily the strongest. But the head of True Nebraskans says they already have circulators in 22 counties and plan to do the work very economically.

In the weeks ahead we’ll take a look at what lawmakers did accomplish this session. Just know that on the biggest issue before them, they didn’t.

That should be a disappointment to all of us.

**--30--**

***J.L. Schmidt has been*** *covering Nebraska government and politics since 1979. He has been a registered Independent for 20 years.*