

February 22, 2017

LB 312 – Senator Briese

Thank you Chairman Smith and members of the Committee.

My name is Robert Johnston. I am a farmer in Clearwater, Nebraska and I'm here today representing the Nebraska Agriculture Leaders Working Group testifying in support of LB 312. We have submitted a letter on LB 563.

Many of our organizations have longstanding policy supporting the notion of expanding the collection of sales taxes in an effort to reduce property taxes. Our members and, according to recent polling, most Nebraskans, agree more taxpayers in the state should have a stake in funding public education. This is responsible and sustainable, but it hasn't always been politically popular. That's why we want to start by thanking Senator Briese for his leadership.

As I mentioned, I'm not here on behalf of one organization. I'm here representing the Agriculture Leaders Working Group which is made up of the elected leaders of the Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Farm Bureau, Nebraska Pork Producers, Nebraska Soybean Growers, and the Nebraska State Dairy Association.

I've provided you a copy of the five principles the Ag Leaders developed last year outlining what we believe should be the focus of tax reform.

In principle number one you'll see we've asked our elected officials to balance collections from property, sales and income taxes so that none of the three exceeds 35

percent of the tax liability. Currently, if you compare property taxes collected locally and income and sales taxes collected by the state, property taxes account for 48 percent of the load, while income taxes cover 33 percent and sales make up about 19 percent. Even if you include local option sales taxes, most of the burden falls on property taxes. This is relevant because property taxes are paying for government services which, for the most part, are mandated by the State.

In Principle number three you'll see we believe tax reform should be responsible and revenue neutral, meaning we support a shift back to a balanced way of paying for services. I say shift "back" because, in reality, a shift has already taken place. For years the State has balanced its budget but cutting funds and letting property taxpayers pick up the slack. LB 312 represents a way to shift back.

On a similar note, Principle number 4 indicates our commitment to funding education. While most of us consider ourselves fiscal conservatives, the farmers and ranchers in our organizations believe our state benefits from high-quality education and do not want to see our schools suffer for the sake of tax reform. Everyone is willing to pay their fair share for a well-educated state, but right now property taxpayers are paying more than their fair share.

Nebraskans pay the 7th highest property taxes in the nation, something which is going to put people out of business and out of their homes. We're asking you to make property tax relief the Legislature's number one priority and encourage you to advance LB 312. We look forward to working with this Committee and the rest of the body on a plan to rebalance our system.

Thank you for your time and attention and I'd be happy to answer questions.