

February 22, 2017

Senator Jim Smith, Chairman
Committee on Revenue
Room 1524, State Capitol
Lincoln, NE 68508

LB 563 – Sen. McCollister (Neutral)

Dear Senator Smith:

Members of the Nebraska Agriculture Leaders Working Group (Ag Leaders) would like to add their names to the list of those testifying in a neutral capacity on LB 563, which would impose a sales tax on certain services and eliminate certain sales tax exemptions.

The Ag Leaders is a group comprised 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, and we are committed to ending our State's overreliance on property taxes.

Farmers and ranchers, along with homeowners and commercial property owners, are being squeezed by high property taxes. Fundamental property tax relief and reform should be a priority, and the Ag Leaders would support sending any revenue generated through LB 563 or similar legislation to property tax relief.

In Nebraska, from 2007 to 2016, property taxes levied grew at nearly twice the rate as sales and income taxes. Property taxes have no doubt taken on a greater role in supporting state and local government services. For many years our respective policies have reflected the notion of broadening the tax base in an effort to ensure more taxpayers have a vested interest when it comes to funding State priorities.

We have a billion-dollar tax imbalance in the State, and property taxes pay for close to 50 percent of our state and local priorities. Agriculture stakeholders are asking the Legislature for a \$600 million solution to bring the property tax "leg" of the property, income, and sales tax stool down to 40 percent.

We are not asking for the State to correct this imbalance overnight and we're willing to work with this Committee and policymakers to find workable solutions. We support efforts such as LB 563 to bring more sales taxes to the table as a means of offsetting property taxes.

Sincerely,

Troy Stowater, President
Nebraska Cattlemen

Dan Wesely, President
Nebraska Corn Growers Association

Dennis Fujan, President
Nebraska Soybean Growers Association

Steve Nelson, President
Nebraska Farm Bureau Federation

Russ Vering, President
Nebraska Pork Producers Association

Bill Thiele, President
Nebraska State Dairy Association