

Coalition: Irresponsible Tax Plan Would Balloon State Deficit, Increase Property Taxes & Deplete Ability to Invest in Nebraska's Future

Lincoln – A coalition has organized to oppose LB970 – the Governor's tax plan. LB970 would create a \$660 million revenue shortfall for the next budget biennium (2013-15), according to the preliminary budget report from the Legislature's Fiscal Office. To ignore the coming budget shortfall and propose such revenue reductions is irresponsible and flies against Nebraska's common sense budget management principles, said coalition members.

The tax plan would bring "Washington type fiscal mismanagement to Nebraska," said **Brian Depew, Center for Rural Affairs**. "LB970 would drive the state's projected deficit up to nearly \$700 million.

"That would deplete our capacity to invest in the future of Nebraska and the future of our children. The proposed tax plan is especially risky for rural Nebraska, where counties, towns, schools and health programs have already lost critical state funding," said Depew.

LB970, he said, would prompt deep spending cuts that would ultimately be forced down to schools and local governments, prompting them to raise property taxes. "The pain would be shared widely, but the benefits would not. Less than one of every six dollars of tax cuts would go to the 60 percent of Nebraskans who account for the heart of the middle class and everyone with less," Depew said.

"LB970 provides big tax breaks to corporations and millionaires while it tosses a few peanuts to the majority of hard-working Nebraska taxpayers," said **Nancy Fulton, a 34-year classroom teacher and president of the Nebraska State Education Association**.

"It's Valentine's Day – and while LB970 offers a sweetheart deal for the wealthy – it breaks my heart to think of what it would do to funding for the education of students all across our state," Fulton said. "The best way to help hard-working Nebraska families is to provide important, needed public services and to invest in our state's infrastructure – that's investing in our collective future."

AARP Nebraska also opposes LB970, said **Mark Intermill, Advocacy Director** for the 200,000 member association.

"In essence, AARP is an association of taxpayers. But we also recognize the role that state government plays in the development of our state – whether that be in the education of our children and grandchildren, the maintenance of the roads we drive on, the public safety services that we rely on or the health care services that our parents and grandparents need," said Intermill. "We have strong reservations about LB970. We would suggest that it be shelved in the current session and that we have a statewide conversation about the priorities of state and local government and how we fund those priorities."

Carolyn D. Rooker, Executive Director, Voices for Children in Nebraska, said that children today are facing "incredible odds" that LB970 would only make worse.

“Child poverty is at its highest point in a decade; we place children in out-of-home care at the second highest rate in the country; and our spending on early childhood is 39th in the country. Turning these dismal odds around for our kids requires that lawmakers and our Governor distinguish that our children are not a special interest,” said Rooker.

Deb Schorr, Chair of the Lancaster County Board of Commissioners, said the loss of revenue from the elimination of the inheritance tax would have a devastating impact on the ability of the county to provide adequate services to its residents. “LB970 will result in a direct shift to the property tax.”

Another misconception, noted Schorr, is that the inheritance tax discourages businesses from locating in Nebraska. “There is no support for this assertion. The inheritance tax is paid by individuals, not companies. And to the contrary, it is more important to businesses to locate in a stable community with adequate infrastructure, a low crime rate, and an effective social safety net – all of which are jeopardized by LB970.”

Rebecca Gould, Executive Director, Nebraska Appleseed, said the state’s budget should “reflect our state’s priorities.”

“Our priority should be those hard working families and children and the core government functions they rely on. Now is the time to address the significant problems facing the child welfare system, to reinvest in the programs and government functions that have borne the brunt of past cuts, and make smart investments in job training and education to build for our future,” Gould said.

“But LB970 would keep us from doing that. It would divert our limited resources and keep the state from meeting its responsibilities to these families and to all Nebraskans. And they would get almost nothing in return. Most Nebraskans – those making less than \$88,000 a year – would see, at most, \$12 a month in savings as a result of LB970.

“Nebraska’s children and working families are counting on the Legislature to use the limited resources we have in a way that will bring the biggest benefits to our state. LB970 is not the answer,” said Gould.

Groups participating in the news conference to oppose the tax package included the AARP, Nebraska Appleseed, Center for Rural Affairs, Lancaster County Board of Commissioners, Nebraska Association of County Officials, Nebraska State Education Association, Open Sky Policy Institute, and Voices for Children.

For more information:

Center for Rural Affairs, Brian Depew, Assistant Director, briand@cfra.org, [402-687-2100](tel:402-687-2100)

NSEA, Nancy Fulton, 34-year classroom teacher, NSEA President, nancy.fulton@nsea.org 402-475-7611

Voices for Children in Nebraska, Carolyn D. Rooker, MSW, Executive Director, crooker@voicesforchildren.com, 402-597-3100

AARP, Mark Intermill, Advocacy Director, mintermill@aarp.org, 402-323-5424

Nebraska Appleseed Center for Law in the Public Interest, Rebecca Gould, Executive Director, bgould@neappleseed.org, 402.438.8853 ext. 102

Lancaster County Board of Commissioners, Deb Schorr, Chair, dschorr@lancaster.ne.gov, 402-421-1102

**Majority of LB 970,
Proposed Personal Income Tax Cuts,
Go to Wealthiest Nebraskans**



