

# One Hundred Second Legislature - First Session - 2011

## Introducer's Statement of Intent

### LB252

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**Chairperson: Senator Abbie Cornett**

**Committee: Revenue**

**Date of Hearing: March 10, 2011**

The purpose of LB 252 is to provide partial relief from the new 10% federal excise tax on businesses in Nebraska that provide indoor tanning services.

Due to the enactment of the new 10% federal excise tax on indoor tanning services imposed by Congress' 2010 Affordable Health Care Act, Nebraska indoor tanning service businesses now collect from their customers and pay over to federal and state tax authorities up to 17% of gross receipts from indoor tanning services sold to customers (10% federal excise tax plus up to 7% Nebraska state and local sales taxes). The new federal excise tax—coupled with long standing state and local sales taxes—places an unprecedented excise tax burden on these businesses and may put them at a competitive disadvantage with such businesses in neighboring states, some of which do not impose state and local sales taxes on admissions to indoor tanning services.

The intent of LB 252 is to help relieve affected Nebraska businesses from this inequitable federal excise tax by exempting them from Nebraska's state and local sales taxes on admissions to indoor tanning services that are also subject to the new 10% federal excise tax, which is, arguably, a step toward imposition of a *national* sales tax. The potential loss of jobs and taxable income in the indoor tanning industry due to the new federal excise tax scheme may have less than desirable consequences for Nebraska's state and local tax systems, especially the state's income tax system. LB 252 is intended to save jobs and preserve taxable income attributable to Nebraska's indoor tanning industry while mitigating the onerous burden of the new 10% federal excise tax on Nebraska's indoor tanning businesses and their customers, who bear the full burden of paying such taxes.

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

**Principal Introducer:** \_\_\_\_\_

**Senator Abbie Cornett**