

One Hundred Sixth Legislature - Second Session - 2020

Introducer's Statement of Intent

LB1109

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 13, 2020

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

Potable water is essential to health and sanitation. Most states do not tax residential water. Being an absolute necessity, water should be placed on the same footing as food which is not subject to a sales tax. Water for irrigation currently is tax exempt.

At the front end, materials and inputs necessary to operate a potable water system are subject to sales taxes. On the back end, such taxes are incorporated into the overall water bill where sales taxes are applied a second time. This double sales tax is unconscionable to the point of being immoral.

All sales taxes are regressive, requiring the poorest to pay the same rate as the wealthiest. This double taxation falls most heavily on those least able to afford to pay it. Inability to pay leads to shut off of service to many low income people.

This bill addresses the extremely regressive nature of Nebraska's tax policy on water by removing both sales and use taxes from entities furnishing potable water.

Principal Introducer: _____

Senator Ernie Chambers