

Good afternoon, Mr. Chairman and Senators. My name is Kent Grisham, and I am the President of the Nebraska Trucking Association. On behalf of the motor carriers and allied members of the NTA, I come before the Committee today in opposition of LB1088.

Two of my member companies, Werner Enterprises in Omaha, and Crete Carrier Corporation in Lincoln, also instructed me to speak specifically for them, and represent their companies' opposition to the bill.

Let me first say that the NTA applauds Senator Wayne for his efforts to improve both the funding mechanisms and the outcomes of Nebraska's public schools. Clearly, LB1088 was a labor of love. There is no higher calling for our society than the education of our children. I'm the proud husband of a public-school teacher, all three of my children graduated from public schools, and right now I have three grandchildren in public schools. So, thanks for your efforts, Senator Wayne. Even though we rise in opposition to LB1088, we encourage you to continue in the fight to make our schools better.

The trucking industry in Nebraska is a mighty and powerful economic force. One in 12 Nebraskans are employed in the trucking industry with payrolls exceeding \$3 billion annually. 48-percent, so nearly half of all Nebraska communities receive ALL their consumable materials and goods by trucks alone. Both of those statistics are important to remember in this discussion because as the Legislature makes decisions that could have deep, negative consequences for the trucking industry, the effects will ripple through both the number of jobs in the industry, and the cost of the goods being delivered to nearly half of our communities. It all counts.

To increase the state sales tax to 6-and-a-half percent, and then repeal the sales tax exemption on two of our industry's most vital components – our trucks and trailers, and our fuel – would inflict serious wounds on even our largest NTA members – and likely be a death blow to many of our smallest.

Nebraska would join a small minority of states that do not exempt motor carriers from sales tax. Only 13 states and the District of Columbia currently consider rolling stock for motor carriers as taxable. But of those 13, 10 have other exemptions, lower rates, caps or apportionment brackets in place for motor carriers out of recognition of the negative impact of such taxes on the operation of trucking fleets. Only three levy their full rate sales tax against motor carriers.

The negative impact on our motor carriers in Nebraska would be significant, causing many if not all of them to consider changes to their operations, resulting in an even greater negative impact on the state's economy and in turn tax receipts. Options for some of them will most certainly include simply moving to a neighboring state, such as Iowa, Kansas, Missouri or Colorado, where sales tax exemptions for motor carriers remain in place. Smaller fleets especially would find such a move preferable to an avalanche of new taxes in Nebraska. Our larger fleet members have other options, such as buying and titling their rolling stock in a state where they already have operations, and where the state still honors their sales tax exemption status. Either way, Nebraska loses.

Let me illustrate our concern over the rolling stock being taxable in a very simple way. The NTA has members ranging from our great and large corporate citizens, all the way to men and women across the state with one or two trucks in their fleet, and big dreams in the hearts. For this illustration, I will focus on a one truck owner operator who has worked hard for years and driven hundreds-of-thousands of miles, carrying his dream of becoming a small fleet someday along with him. The day comes when he believes he can literally double his business by adding a second truck. That's double the amount of

freight. Double the number of jobs in his company. But it takes a huge investment of an average \$125-thousand for the tractor and \$50-thousand for the trailer.

I would remind the Committee that motor carriers already pay the 12-percent federal excise tax on their new trucks and trailers. Nebraska directly benefits from the FET when the state is allocated money from the Highway Trust Fund. With LB1088's increase in the state sales tax, possibly added to a city sales tax of up to 2-percent, under the provisions of this bill, our member would face up to 20-and-a-half-percent in up front taxes before the rolling stock ever hits the highway. To do the math, his \$175-thousand rig just racked up \$35,875 in taxes before he drives it off the lot.

However, he still faces an additional problem. The average cost of operating an over-the-road truck last year was \$185-thousand. Under LB1088, with his fuel now subject to sales tax, his operating costs got even higher. While the sound of a 6-and-a-half percent state sales tax on all that fuel might sound like a great source of revenue, please remember it's an essential component of moving freight to those communities who rely on trucks for everything they have. And you would be adding that sales tax onto fuel that is already heavily taxed by the state and the federal government. The same federal government that is currently debating how to pay for a new infrastructure initiative, including, of course, an increase in the fuel tax by as much as a quarter.

We're still not done. That same owner operator may not face the need for parts and labor with his new truck. But the one he's been running all this time certainly will. Well, LB1088 will also add sales taxes to those things as well. Not only might his dreams of doubling his business be dashed by this one single bill, his very livelihood may not survive such an onslaught of new taxation by the state.

I've tried to paint a picture and provide a face for the decision before you when it comes to LB1088. While we would never suggest there's been an intentional targeting of trucking, those dollar amounts are punitive to the trucking industry and would have a significant detrimental effect on the industry that pays nearly half of all roadway taxes in Nebraska already, even though trucks represent only 9-percent of the vehicle miles traveled in the state.

One last item of concern for us is this bill's repeal of Chapter 77 Section 2715.09, which pertains to the sale or exchange of employee-owned stock at our member companies who offer such an opportunity and the treatment of capital gains and extraordinary dividends. Our member companies, just like any other industry, offer stock ownership programs as a way of attracting the best and brightest to Nebraska. To repeal this section would effectively punish retirees from some of our state's leading companies and would negatively impact an important recruiting tool for employers across the state.

So, when it comes to LB1088, we urge you to set the parking brake and chock the wheels on this one.

Thank you.