

Heineman talks Senate race, taxes and more

Written by Elizabeth Barrett
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Governor speaks at Gothenburg Senior Center Monday.

Gov. Dave Heineman appreciates the encouragement he's received to run for the U.S. Senate.

"And I'm taking a serious look," he told Gothenburg Rotarians and others gathered for lunch at the Senior Center Monday.

That's all the two-term governor would reveal about the seat that will be vacated in 2014 by Sen. Mike Johanns.

But he did address what makes the rounds in coffee shops.

Taxes.

Noting that the tax code hasn't changed since the 1960s when gas cost 33 cents a gallon and a first-class stamp could be bought for five cents, Heineman said Nebraskans need to have a conversation about change.

Heineman proposed, and later withdrew, a bill that would overhaul the tax system by removing individual or corporate income taxes or dropping business tax deductions.

"There's no right or wrong answer but we need to have a conversation," he said. "Taxes are too high."

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The governor pointed out that states with the biggest growth spurts have no income tax and low tax rates.

With 6.85% of personal income taxed, Heineman said jobs won't come to Nebraska.

Why some businesses are exempt from charging sales tax and some aren't needs to be examined, he said.

For example, he said hospitals don't charge sales tax for food but restaurants do.

Manufacturing businesses can exempt energy costs from sales tax but other businesses cannot.

Nebraska collected \$4 billion in revenue last year with \$2.4 billion from individual and corporate taxes and \$1.5 billion in sales tax, he said.

And a whopping \$5 billion was exempted from sales taxes, Heineman said.

Noting that jobs and education are a priority, the governor proposes a 5% increase in both state aid to schools and in special education for the next two years.

The boost in special education funding is especially important, he said, since a robust ag economy means that many rural school districts will not receive equalization aid.

On another topic, Heineman said the federal health care mandate that goes into effect next Jan. 1 will significantly affect the state.

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About \$72 million in spending, to fund Medicaid, will be part of the state's budget.

Another \$170 million over eight years will be needed to implement technology and the administration of the mandate, he said.

Asked about the automatic spending cuts that went into effect last Friday, Heineman pointed out it's a 2% cut of an 8% increase in planned spending and that sequester won't affect Nebraskans.

Based on his experience as a West Point Academy graduate and five years in the military, he said the defense budget can be pared.

Although Nebraskans need cleaner and more efficient sources of energy, Heineman said Nebraskans won't get to that place overnight.

Despite less costly natural gas prices when compared to coal, he predicted that both coal and nuclear energy would be around for the next 50 years.

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