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8 APRIL 2008

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Nebraska's Legislature Adds Fuel to the Tax-and-Spend Fire

Nebraska's Legislature Approves Spending Increases for Transportation, Funded by a Gas Tax Hike

Washington, D.C. – Monday, Nebraska's legislature voted 34-15 to override Gov. Dave Heineman's veto of a gas tax increase to fund \$14.5 million in new transportation spending to be allocated to the Department of Roads. The tax increase was the only element of the budget passed by the legislature last month that was eliminated with a swipe of the governor's veto pen.

The gas tax is linked directly to the amount of money allocated for the Department of Roads, and is adjusted twice a year in order to take in roughly the same amount designated by the budget. Due to this system of determining gasoline taxes, estimates on the severity of the impending tax increase range from 1.2 to 5 cents a gallon. Gov. Heineman issued a statement shortly after the override vote carried the senate, admonishing the lawmakers for passing this legislation.

"The governor is right to chastise the legislature's actions," said Grover Norquist, president of Americans for Tax Reform. "He has apparently recognized what Nebraska's legislators do not: a gas tax throws a wrench in the gears of the state's economy by making it more and more expensive for people to drive to work, the store – or even for goods to be transported within the state."

Beyond the gas tax hike, other proposals are in the works in Nebraska to help account for the new spending, including Sen. Deb Fischer's (R-Valentine) plan to set aside \$15 million in cash reserves across the next three years. Also, she wants to rely on nearly \$75 million in federal earmarks for particular road construction across the state.

"By using his veto pen to ax the gas tax, Gov. Heineman attempted to stand up for taxpayers," continued Grover Norquist. "Unfortunately his efforts to protect them were swept away by the tax and spend policies of the state legislature. Bottom line: This gas tax hike only serves one purpose – to fuel the expansion of Nebraska's state government and enable spending with no restraints."

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact John Kartch at (202) 785-0266 or at jkartch@atr.org.