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Energy Star Tax Holiday Simply Advertising Gimmick

In January of this year, Senator Harr introduced Legislative Bill 325. From 12:01 A.M. on the first Friday of October through midnight of the first Sunday, all Energy Star products less than \$1500 will be exempt from sales and use taxes. The special interest group, Nebraska Retail Federation, proposed the idea to Senator Harr.

There was no move to advance the bill last session, so it could be brought back up this coming session or amended to another bill. When speaking with people at the capitol, it was said that the main reason it was not advanced was because of its fiscal note, which estimates loss in tax revenue at \$1.2 billion. This is only 0.05% of the annual sales tax revenue from 2016. The City of Lincoln mentioned in their letter of support that they believe the “additional money in our citizen’s pockets will likely be a net economic benefit to citizens and the City as a whole.” However, when keeping in mind Nebraska’s large deficit and possible budget cuts that \$1.2 million loss could have gone towards sustaining a program.

The Office of Atmospheric Programs published in its Climate Protection Partnerships 2014 Report that the Energy Star program helped prevent the emission of more than 283 million metric tons of greenhouse gases. This provided \$11 million in benefit to society. To put in more relatable terms, if you use a dishwasher made prior to 1994 you’re paying an extra \$35 a year on your utility bills. If you purchase an Energy Star dishwasher you can save that \$35, and possibly even save a little on reduced water usage. So say you buy a Whirlpool Energy Star dishwasher for \$349.99. Normally, you would pay another 7.5% (Lincoln’s sales and use tax; this amount

varies from 5.5-7.5% based on location in Nebraska), or \$26.25. If purchased during this first weekend in October, you would save that \$26.25. This bill would save you \$112.43 on a Frigidaire refrigerator with a sales price of \$1,499.00.

However, customers who are going to purchase an Energy Star product would most likely purchase it with or without the passing of this bill. Getting rid of sales and use tax won't necessarily bring Energy Star products' price down enough to be cheaper than "regular" products. Because of this, this bill wouldn't convince many more people to buy Energy Star; rather, it may change when people who are going to buy the products anyway purchase them.

People can't always plan their purchases around a weekend. If your washing machine breaks in February, you aren't going to wait until October to buy a new one. Of course, this is one of the reasons they would have the weekend limit imposed; they can't help too many people out. However, Krotters Home and Auto Centers mentioned in their letter of support that having this specific weekend timeframe was favorable as it allowed them to "fully prepare, leverage and focus their advertising and marketing efforts."

Senator Harr mentioned that one aspect of this bill is to introduce people to Energy Star products, to show them that they "aren't that much different," and will probably be better, but that people can be hesitant to try something new. The bill wouldn't solve our energy problems, but it could help guide people in the right direction and get them thinking about the issues.

The fact that the idea of an Energy Star tax holiday was brought to Senator Harr by Nebraska Retail Federation goes to show that it's the retailers who are interested in this bill, and we all know that retailers don't always have society's best interest at heart. The basis of the bill, encouraging consumers to buy Energy Star products, is an honorable one, but I don't believe the bill would be enough to make an impact. There are too many limitations and stipulations that are

below reasonable restraints. The time limit for this tax exemption is too short to be anything but an advertising gimmick. Just another sale on items, another “Get it before it’s gone!” advertising scheme, rather than a true effort to make a difference.