



Dave Heineman
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Mr. President, Mr. Speaker, and
Members of the Legislature
State Capitol
Lincoln, Nebraska 68509

Dear Mr. President and Members of the Legislature:

I am returning LB 600e and LB 600Ae without my signature and with my objections.

I am concerned that the LB 600 tax increase will artificially inflate provider rates to a level that is neither fiscally responsible or sustainable.

This legislation proposes to increase taxes on nursing home patients annually by \$14 million and to use these state tax funds to receive federal tax funds. The National Commission on Fiscal Responsibility and Reform, commonly known as the deficit commission, referred to provider taxes as a gimmick and recommended elimination of the practice. Frankly, this provider tax is a shell game in the sense that our state would not be obtaining “free federal money” – the funds are our own citizens’ federal tax dollars. It is only a matter of time before the federal government will put an end to this obvious manipulation of taxpayer dollars. When this happens, an additional \$18.6 million annually would be required to replace the increased rates financed in LB 600.

I also have concerns about the structure of the bill which requires the Department of Health and Human Services to pay providers the increased rate before the Department can collect the tax from providers. The retroactive rate payments in the bill are also of great concern given the great length of time that may pass before the federal government either approves or disapproves the provider tax as it is fashioned in LB 600.

I understand the difficult circumstances that nursing facilities are facing. However, raising taxes on nursing home patients by \$14 million each year to fund an accounting gimmick is not a policy that I can support.

For these reasons, I respectfully urge you to sustain my veto of LB 600e and LB 600Ae.

Sincerely,

Dave Heineman
Governor