

August 7, 2024

The Honorable John Arch
Speaker of the Legislature
Nebraska State Legislature
Room 2103, State Capitol
1445 K Street
Lincoln, NE 68508

The Honorable Lou Ann Linehan
Chair, Revenue Committee
Nebraska State Legislature
Room 1116, State Capitol
1445 K Street
Lincoln, NE 68508

Dear Speaker Arch, Chair Linehan, and members of the Revenue Committee:

On behalf of the undersigned organizations, we write today to express our opposition to increasing fees or taxes on delivery services. We oppose LB 19, LB 26, LB 48, and the Governor's reported proposal of a 50-cent excise tax on deliveries,¹ which would have severe economic repercussions for Nebraska and its residents.

Increasing the cost of delivery services would place an undue burden on small businesses and consumers alike and would be especially harmful to residents of food deserts, individuals with disabilities and other medical needs, elderly people, veterans, and low-income families who depend on the reliability of delivery services. We urge you not to move forward with any of these proposals.

Delivery taxes drive up costs and limit access to essential goods and services, disproportionately impacting hardworking families and those in need

Families across the country are increasingly dependent on delivery services for everyday essentials. From 2021 to 2022, 54% of adults used food delivery apps, and 41% used them for groceries,² with grocery orders expected to grow 12% annually over the next five years.³

Delivery services are crucial for Nebraskan families in need. In 2018, 12.8% of Nebraskans, including 79,000 children, were food insecure.⁴ Where local grocery stores are scarce, delivery services can increase families' access to fresh foods

¹ See Scaled-down version of property tax cuts proposed <https://nebraskapublicmedia.org/en/news/news-articles/scaled-down-version-of-property-tax-cuts-proposed/>

² See Chamber of Progress http://progresschamber.org/wp-content/uploads/2022/07/COP_Civic-Innovation_ANALYSIS.pdf

³ See Online grocery sales will increase at 12% annual rate over 5 years, report says <https://www.grocerydive.com/news/online-grocery-sales-will-increase-at-12-annual-rate-over-5-years-report/641578>

⁴ See Food Insecurity https://nebraskalegislature.gov/pdf/reports/research/food_insecurity_2020.pdf

and choices for household essentials. Delivery services are also critical for communities with difficulty getting to or shopping in-store. For those who may struggle with in-person shopping, delivery services increase access to essential items, which benefits at least 11% of Nebraskans with disabilities,⁵ 32.2% of Nebraskan veterans with disabilities,⁶ and 34.1% of Nebraskans aged 50 and older.⁷ Taxing delivery services—whether through a 2% delivery fee, a 2% excise tax, or a 50-cent tax—would increase their financial burden and limit Nebraskans' access to essential goods.

A Colorado survey showed that the state's 27-cent delivery fee disproportionately affects low-income families, who spend 2.5 times more on delivery fees than higher-income families.⁸ Similarly, LB 19, 26, and 48, which propose raising delivery costs, would raise costs even further for families across Nebraska.

Delivery taxes hurt small businesses and workers

Raising delivery fees would harm Nebraska's 167,878 small businesses, which employ 47% of the private workforce.⁹ Taxing delivery orders would force Nebraska businesses to remove delivery options that would shrink their customer base, absorb the tax, increase prices, or a combination of all three. The impact of any tax on delivery services would be reduced revenue for small businesses and reduced wages for delivery drivers. Businesses that rely on larger online platforms to reach customers or handle their delivery logistics would also not benefit from the small business exemptions, making it harder for them to compete and grow. A similar 27-cent fee in Colorado led to small businesses raising concerns and customers complaining about higher prices.¹⁰

In conclusion, we strongly urge you to **oppose LB 19, LB 26, and LB 48, and any other attempts to increase taxes on delivery services.** These bills threaten Nebraska's economic health and harm families and workers throughout the Cornhusker State.

⁵ See Disability in Nebraska <https://dhhs.ne.gov/Reports/Disability%20in%20Nebraska%20Report%20Card%202021.pdf>

⁶ See Supporting Veterans in Nebraska <https://veteransdata.info/states/2310000/NEBRASKA.pdf>

⁷ See A Report to the Nebraska State Unit on Aging <https://dhhs.ne.gov/Reports/UNO%20State%20Aging%20Plan%20Report%20-%202022.pdf>

⁸ See Chamber of Progress <http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf>

⁹ See Small Business and Entrepreneurship in Nebraska <https://www.unomaha.edu/nebraska-business-development-center/files/publications/small-business-nebraska.pdf>

¹⁰ See New Colorado retail delivery fee causing issues for small businesses https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/?utm_source=dlvr.it&utm_medium=twitter

Sincerely,

Brain Injury Alliance of Nebraska
Chamber of Progress
DoorDash, Inc.
Grubhub, Inc.
Nebraska Grocery Industry Association
Nebraska Retail Federation
The Nebraska Hospitality Association
Uber Technologies, Inc.