

February 20, 1992 LB 1120

PRESIDENT MOUL: Thank you, Senator Conway. Senator Will.

SENATOR WILL: Thank you, Madam President, members of the body, I rise in support of the Withem amendment to the committee amendments. I guess, when you're talking about sales tax on services, certainly you can make an argument that the sales tax ought to apply to services. As far as the characteristics of the sale of the service and the sale of a good, they largely have the same elements. It is a transaction which is what a sales tax is on but I think that there are several things that I object to in this approach. The first is that whenever you look at services as simply a means of replacement revenue, what people tend to do is go through and pick and choose until they come with a number that matches the amount that they want to come up with. And, in actuality, the impact of sales tax on any given service varies greatly to greatly from industry to industry. The one thing that is different about the sale of a service as compared to a sale of a good is that the sale of a service is an intangible thing that often is much more easily transported than the sale of a good. In the case of telecommunications, for instance, it's pretty easy to pick up and move and hook into telephone lines that happen to be in a jurisdiction that does not tax services. If and when we do consider the imposition of a sales tax on service, I guess my inclination would be exactly the opposite of Senator Moore's. I think we ought to look at it as a structural change within the sales tax base and perhaps look at which services are logical to tax, which are not, and use the revenue to lower the sales tax rate. I think that, as a base expansion move, sales tax on services is probably something that's inevitable that we're going to look at in the future. It's not something I think we ought to be considering on this measure. I don't think it's an answer to the personal property tax problem. I think that answer lies within the structure of the way that we treat property as far as taxation goes and I would urge you to adopt this amendment at this point. Thank you.

PRESIDENT MOUL: Thank you, Senator Will. Senator Hall.

SENATOR HALL: Thank you, Madam President, and members, again I rise in opposition to the amendment. The...I guess the thing we ought to take a look at here is just what the proposal does do. I mean, we...you know, you...the argument is that you're taking and replacing personal property taxes paid by a business to an individual, forcing that through service taxes over to an