

whether or not the gross receipts of the truck to the lessor, over a period of a 12-month lease, should be taxed on a use tax basis. The public policy consideration is that...is this, a long term...or trucks, truck leases today of larger trucks in most cases extend beyond 30 days for various industry reasons and that it's very rare anymore that you...that for business reasons someone will lease a larger truck for a 30-day or less period of time. The rule has been that if a truck is leased for 30 days or less that...that there is a...the gross receipts, the receipts from that transaction are taxed, but if it is for longer than 30 days, the market value of the truck is taxed at the time the lease is entered into. That, essentially, is the dichotomy. What this change will do is allow a tax to be levied on the gross receipts over the term of a lease from zero to 12 months. The actual revenue raised by the State of Nebraska would, in all likelihood, be greater than the market value tax that was applied to these leases. So, over the term of the lease, the gross receipts tax or use tax on the gross receipts of the vehicle will exceed, in most cases, the market value...or sales tax on the market value that is now assessed. But, even more importantly, what happens in the industry, as I understand it, is that because of this 30-day restriction on leases for sales tax purposes that oftentimes rather than extending a lease beyond 30 days, a lessee and a lessor will enter into an arrangement whereby the lessee comes in every 30 days and releases or rerents the vehicle so that it is, in effect, a 30-day lease and there will be a series of 30-day leases. And that's very cumbersome. It also, at least in our city in Omaha, it is...there is a disincentive then to lease vehicles in Omaha because the lessee can go over to Iowa and lease on a 12-month basis and not pay a sales tax based on market value of the vehicle. So, in summary, this bill clears up the confusion surrounding sales tax on leased trucks, leased vehicles. It conforms the law to the actual industry practice. There is no loss of revenue to the state, in fact, in most cases there is probably a net gain to the state. And it really just makes it easier for the industry, both the lessor and lessee of these larger vehicles, to do business in the State of Nebraska. So, with that, Madam President, I would urge that this bill be moved to E & R Initial. Thank you.

SENATOR CROSBY: Thank you, Senator Ashford. Any discussion on LB 767? Seeing none, we will proceed with the vote on LB 767. Those in favor vote aye, those opposed vote no. Record, Mr. Clerk.