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LB 172

Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0784, Legislative Journal page 915.)

SPEAKER KRISTENSEN: Chair of the Revenue Committee, Senator Wickersham, you're recognized to open on the bill.

SENATOR WICKERSHAM: Thank you, Mr. Speaker. LB 172 is a bill that begins a process to resolve an issue that has confronted states for a number of years and has now become a much more critical issue for them. The issue is the collection of sales tax on remote transactions, remote sales transactions. In the past, if you'll recall, most of the debate in the Legislature has been over catalogue sales in past years. In fact, we have on two occasions passed bills, sent them to the Governor and had them...and they were vetoed, not the current administration but a previous administration, dealing with the issue of catalogue sales. With the advent of the Internet, the issue...and Internet sales, the issue has become more critical to states. Why does it matter? Because in many cases the states are unable, due to standards resulting from Supreme Court decisions, been unable to collect or cause the sellers to collect sales tax on transactions within our borders. Now we do collect sales tax from some, what you might characterize as remote sellers. For example, if you ordered something from J.C. Penny's in a catalogue, you would collect state of Nebraska sales tax, because they have stores in the state of Nebraska and other connections. Dell Computer, I think, collects state of Nebraska sales tax. Gateway Computer collects state of Nebraska sales tax. But there are many, many providers who do not and under the current laws they cannot be compelled to do so. Now, the Supreme Court decisions have had their basis in a resolution of a commerce clause issue. They say that collection of sales tax would represent an undue burden on interstate commerce because the state sales tax systems are very complex. We do not have as much complexity in the state of Nebraska as is present in other states. The complexity results from two different kinds of issues in states, one is whether or not there is one rate within a state or whether there are multiple rates within a state. Nebraska happens to be one of the states where there are multiple rates. We have a basic state rate of 5 percent, and