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February 10, 2003 LB 381

pages 465-468.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Mr. Clerk, next agenda item.

CLERK: Mr. President, LB 381 is a bill by Senator Redfield. (Read title.) Bill was introduced on January 15 of this year, referred to the Revenue Committee. The bill was advanced to General File. There are Revenue Committee amendments pending. (AM0073, Legislative Journal page 327.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Redfield, you're recognized to open on the advancement of LB 381.

SENATOR REDFIELD: Thank you, Mr. President. Members of the body, LB 381 creates a consistent method whereby sales tax is assessed and collected on outstanding rental and lease agreements. It amends Section 77-2703 to provide that for purposes of sales tax on leased motor vehicles, the rate of tax shall be the rate that is in effect on the date the lease is executed. You will find that it is on the top of page 5 of LB 381. It's a very simple change. It says, "at the tax rate in effect on the date the rental or lease agreement is executed." When you purchase a vehicle you pay the sales tax calculated on the date of sale. When you purchase any other large purchase, say Nebraska Furniture Mart, you go in, you purchase a number of furniture items, it's a large purchase, the sales tax is calculated on the day of the sale, even though you may make payments over time. A vehicle, even though you may make monthly payments to your bank, you pay sales tax calculated at the date of the sale. Now car rentals are a little bit different because, in fact, you can rent a car and you can pay the sales tax on the day of that rental, unless you have, perhaps, a weekly special or weekend special and the sales tax rate changes during that week or weekend. Now, in the state of Nebraska we have, in fact, had some sales tax rate changes. What happens with a lease? Well, normally, a car lease lasts about 40 months. We have seen over the last few years that our sales tax rate has been down, then up, and now up even more, but it's a temporary sales tax increase. What happens? Well, in fact, the leasing agent has to send out coupon books for your