



**Ninety-Ninth Legislature - First Session - 2005**  
**Committee Statement**  
**LB 753**

---

**Hearing Date:** February 24, 2005  
**Committee On:** Revenue

**Introducer(s):** (Bourne)

**Title:** Change a sales tax exemption for construction services

---

**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
- 

**Vote Results:**

7	Yes	Senators Baker, Cornett, Janssen, Landis, Preister, Raikes and Redfield
0	No	
0	Present, not voting	
1	Absent	Senator Connealy

---

**Proponents:**

Lisa Johns, Legislative Aide  
James Overcash  
Ruth Chermok

**Representing:**

Senator Pat Bourne, Introducer  
National Electrical Contractors Association  
National Electrical Contractors Association

**Opponents:**

None

**Representing:**

**Neutral:**

None

**Representing:**

---

**Summary of purpose and/or changes:**

LB 753 would amend section 77-2704.55 to provide that sales and use taxes shall not be imposed on construction services (as currently defined) prior to October 1, 2003 or on construction services before July 1 2004, if the services became exempt on July 2. The bill has no operative date and no emergency clause.

**Explanation of amendments, if any:**

The Committee amendments would rewrite the bill to narrow it significantly. The amendments would strike the original section and instead amend section 77-2701.16 (the definition of gross receipts which defines the sales tax base), Subdivision (8) (e) (utility services are subject to tax) to provide that the change made by LB 1017 (2004) to include installing, furnishing, or connecting utility services within the definition of “construction services” would be effective beginning October 1, 2003, the effective date of LB 759 (2003). What this would do is determine the taxability of installing telephone or cable lines dependent upon whether or not the entire building project is labor taxable or not based on the exemptions in LB 759 (2003).

The Committee amendments would also provide that the application of the sales tax to utility installation does not apply to Option 2 or Option 3 contractors (those electing to operate as a consumer of building materials) prior to October 1, 2003, the effective date of LB 759 (2003)

---

**Senator David Landis, Chairperson**