

January 13, 1982

LB 278

SENATOR GOODRICH: It is four o'clock, it's up to you.

SENATOR NICHOL: Yes, please do, we want to go ahead and finish this bill.

SENATOR GOODRICH: Okay, fine. Mr. President and members of the body, Senator Carsten pretty well explained the bill but I will repeat it just in case anyone did not catch what he had said. What the bill does is it provides that if a contract exists, say, for example, I, as a contractor am going to build a building for Senator Nichol, and we know the tax rate, we know everything on it before we sign the contract, then after the contract has been signed, the construction is in the process, the state changes the sales tax rate, the rate goes up. Then I have to pay more sales tax on the material that I bought than I had planned on when I signed the contract. That would literally be cutting into my profit off of the job. We did this once before when we raised the sales tax rate but we did it for a specific period of time and what this bill would do is just put it on the books as an established policy that if the sales tax goes up after the contracts are signed and in effect and the contractor is penalized as a result of having to pay an extra sales tax, extra percentage point of sales tax, then he is entitled to a refund of that. By the same token, the reverse side of this coin is that if the contractor...if the contract is signed and the sales tax rate goes down, without this bill the contractor would get a windfall that really belonged to the state. So, consequently it behooves the state, in other words there is no loss or gain either way...the state...all we are doing is establishing a policy to the effect that if the rate changes after the contract is signed up or down, the state gets it if it goes down, the contractor gets it back if it goes up because he did not plan on that money having to be spent at the time he figured his cost on the contract. Now, the Department of Revenue does nothing in regard to this particular thing because of the fact that the contractors all have to keep track of this amount that they have paid on sales taxes and they have to make sure that those sales taxes that are collected by them are remitted on to the state in the event that they have collected them and if the rate went down, that sort of thing. So the contractor does the paper work for you...for the state rather. The Department of Revenue just has the right to go in and audit any time they want to. They can do that right now. So, consequently, all we are doing is establishing a policy that if the rate changes after the sales tax goes into effect...I am sorry, after the contract goes into