

it was it was just a fair, just bill. Contractors, if this bill advances or passes, contractors may receive a sales tax refund if the sales tax is raised during the time of construction. However, if the sales tax decreases, then the contractor would have to pay the state more. Contractors bid many of these projects months ahead and after they receive the bid, then sometimes it takes a long time to finish the project and so I think this is only fair that we give them a little leeway. I feel that perhaps some of the contractors would bid a little less if they knew this. Senator Warner mentioned to us yesterday that farmers that buy large equipment should be subject to the same thing if this bill passes. I think that is a little bit different because when the Board of Equalization meets, if they have to adjust the sales tax rate, they usually let us know a month or two or three ahead of time and so that way the farmer could adjust his buying to the different conditions. Therefore, I would urge you to support this measure.

SPEAKER MARVEL: Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, two or three things I think you need to keep in mind. Go back and look at the fundamental sales/income tax law. The concept is very plain, plainly stated in that statute that the sales tax should be imposed upon the consumer and that a retailer cannot absorb that tax unless there is an exception for that and in a real sense you can argue that a contractor is merely the agent for the eventual consumer and you are relieving them or under existing law you are requiring him to, the contractor, to absorb that tax increase should it occur. My response to that is that the problem, if it does exist, that I don't question it is, is that it can be readily resolved without a change in law and it is readily resolved by having the contracts provide for that in the event it should occur which places this situation in the same basis that anybody else is and still is consistent with that original concept that you didn't manipulate the price by absorbing the sales tax and that is really what you are asking in effect to do. For comparison I use farm equipment for a like analogy. Let me use automobiles. That maybe affects more people. Now if you go down and buy a car off the lot, true when you license it, you pay the sales tax in effect that day. You sign the contract though, it may be done all in one day but if you made a special order on a car which some people do, you could well order when the new model came out and that might be in October and you may well be in the position of not being able to...you aren't going to