

paying a higher cost because when a contractor bids a job it is going to take him, especially if it is a road building thing, perhaps one to two years before he actually gets that road laid. The materials, concrete particularly, has been going up in price every year. Now when a contractor bids based on the price of the concrete today and he is figuring 3% sales tax in some counties and cities, or 4½% sales tax in other cities such as Omaha and Bellevue, then....I'm sorry, Senators, I keep getting all this background noise and losing my train of thought. Once they pay for the materials and they get that added sales tax added on, they are going to lose a great deal of profit because they bid the job at a 3% tax or a 4% tax and perhaps by the time they actually get to buying the materials, the sales tax has been increased. So now contractors, when they bid state jobs and county road repair or when a homeowner, home builder is going to give you a bid on building you a new home or a garage, they are going to put a little cushion in there just in case we legislators, Senator Stoney, in case we legislators might decide to increase the tax or in case the city in which the contractor is doing the buying might decide to increase the tax. It isn't fair to a contractor. It isn't fair to the taxpayers if we are going to force these contractors to build in a little higher bid to protect themselves from losing their profit. They don't operate at a 10% margin of profit or even 5%. So a sales tax increase could actually take their profit away so they are going to have to do something to protect themselves if we don't and that is why I urge the passage of this bill. And I'm sorry that I lost my train of thought so many times. Thank you.

SPEAKER MARVEL: Senator Warner, do you wish to be recognized?

SENATOR WARNER: Only to point out a couple of things. I wanted to talk about construction done by a governmental subdivision. Either they are exempt from sales tax or the provisions of law is such that their sales tax is refunded so that is not the issue in this bill whatsoever. It is one we have dealt with on this floor some of you will recall the last two or three years primarily with the University who uses, by law, uses the refund concept but any change in tax has no effect. And finally, two other things, you know, some of the discussion has brought concerns to my mind that I hadn't thought about, the issue of a verbal contract or not. It would be pretty neat if we could always just use the verbal contract, I must say. It is not legal to require it to be written. Certainly you are creating a whole new problem, the problem of the job, the material for the job is brought out and there is a notation made of what is brought out and kept track of and I've never seen a construction project of any size that didn't go both ways. I have seen those loads hauled back which obviously they bring