

wavered. And what we're trying to do is answer the criticism that you are hearing from some of your business people who primarily are retailers who have been doing business as retailers for many, many years and then suddenly because of the ruling of the Department of Revenue they found that they were going to have to have a tax paid inventory, have additional bookkeeping because some of these peoples operate partially as a contractor. And I think the best way to explain it is a person that...a business man that has a rug business and he buys a roll of carpeting and part of that roll of carpeting will go out that he will install and so for that part of that roll of carpeting he is a contractor. Now part of this roll of carpeting will go out retail. The person that buys it will install it so it is not a contract. He has a retail sale there, and so under the recent ruling by the Department of Revenue, it causes a great bookkeeping problem with that business man because he had to have a tax paid inventory on part of the inventory that was used in his contracting business and a tax free inventory or a retail sales tax on the rest of it. This bill allows a choice so that the retailer can decide to be taxed as he always has been and I am convinced at this point that this solves the problem. And I should stress that it does not cost the state money. They're going to still be paying the tax and nobody is getting by with paying less tax. It's just a simplified form of deciding how that tax will be paid and, in fact, there may be some people elect to have all their sales considered retail sales which will mean they will be paying more tax because they will be paying the sales tax on the mark up, whereas, if they were doing it as a contractor, they would be paying it on the wholesale price. So it does not cost the state money. I support the Hall amendment to the committee amendment and the bill.

SPEAKER BARRETT: Senator Korshoj, followed by Senators Abboud and Hefner.

SENATOR KORSHOJ: Mr. Speaker and members, I support the amendment and the bill also. The interpretation the Department of Revenue made on the contractor part of this just raised havoc with the lumber industry. Every little lumberyard does some contracting such as install roofs, windows, etcetera, and when they hit the 20 percent bracket of contractor business, that made them contractors and that made them in violation of the law because they were not having a paid up inventory. It would really cause them a lot of problems, a lot of bookkeeping problems. This will not cost the state tax money, it will make