

rate. That, too, allows for, basically, a pool of money to be out there that the transaction applies to. So, in other words, the full purchase price is paid for the car, you get a reduction in your interest rate as an option rather than a rebate and that pool of money still exists. It is still in its entirety with regard to the purchase price of the car. It's just a matter of pay me now or pay me later, it's still out there. Both of the examples, the reduction in the interest rate and the cash back allow for that pool of money to stay at the level of the purchase price, the \$20,000. In the case of the blue sky example that I give, where it's reduced by the rebate, nobody gets the money, nobody sees the money, it's a paper write-down with regard to the manufacturer or the dealer, LB 300 kicks in and you only pay sales tax on that \$15,000 that I gave as the example in that case. That's when the bill would take effect. That's how it would work. I, personally, think it's a good proposal. It does have a fiscal impact. The impact would be to the Highway Trust Fund, as you all know that's where the sales tax on automobiles go. But I believe that right now if you have had some of the same kinds of calls that I have had from people who have bought a new car, they cannot believe that we charge sales tax on a rebate, something that they never get, that they never see, that they know the dealer or the manufacturer basically just do in a paper transaction and no money ever changes hands, they are, at best, livid and they cannot believe the state would charge them on blue sky. But the fact of the matter is we do. The representatives from the car dealers who testified stated again that Nebraska is the only state that deals with the rebate in this manner that charges sales on it and that they receive as many angry calls as we probably do collectively because people cannot believe that this is something that we basically charge sales tax on. With that, Madam President, I would urge the advancement of LB 300, as has been amended by the committee amendments, to E & R Initial.

PRESIDENT MOUL: Thank you, Senator Hall. I will now recognize Senator Hefner, followed by Senator Beutler and Senator Crosby. Senator Hefner.

SENATOR HEFNER: Madam President and members of the body, Senator Hall explained this bill very good. I just rise to say that I agree with him. I'm a co-sponsor of the bill. Last year the Revenue Committee did have a bill before us but beings it was the short session we just ran out of time and so we introduced it again this year. I would like to tell you of a