

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

February 10, 2003 LB 381

monthly payments, so that you send it in and, just like your monthly billing, you send it in. When you sign the contract, you've agreed to a certain price. You expect that that is going to be the price you're going to pay every single month. You may even arrange with your bank for an automatic deduction to take care of that price. But if the sales tax rate has changed then that coupon amount may actually be incorrect. So the leasing agent has a choice. They either have to reprint all the coupon books and mail them out to you, or they could send you stickers that you could change the amount on that coupon each month when you send it in. But, in fact, it has created a great deal of confusion for those who purchase these leases. Sometimes they send in the wrong coupon. Sometimes they forget to affix the sticker and so, in effect, they have the incorrect amount. Now, the leasing agent could send them a corrected bill each month, but that's burdensome, or they could just let it pile up until the end and then you could find that you have a significant deficit on your lease purchase and you have a balloon payment at the end. So this is a confusing area of our sales tax law and LB 381 proposes to fix it by calculating the sales tax rate on the date of your purchase or lease agreement so that, in fact, you sign a contract, you know exactly what your costs are going to be, and they aren't going to change during the life of that contract. If you look at the fiscal note, you will see that actually there is a gain to our State Treasury because of the fact that we are changing our sales tax rate with a temporary sales tax. So this is not a loss to the state. It actually is a net gain at this point in time. But it certainly will make it easier for the purchaser. It will make it easier for the leaser to calculate these payments in advance over a 40-month agreement. If there are any questions, Senator Cudaback, we can take those after the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. You've heard the opening on the advancement of LB 381. There are committee amendments. Senator Landis, Chairman of Revenue Committee, you're recognized to open on those amendments.

SENATOR LANDIS: Senator Cudaback, members of the Legislature, the committee amendments change the time at which the sales tax rate is determined for the life of the contract. Originally,