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FLOOR DEBATE

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have to provide a 120-day notice to the state of changes in local sales tax rates so that the state can provide 60 days notice to retailers. AM0417 says that any change be effective at the start of a quarter, there's at least 120 days after notice, instead of requiring notice 120 days ahead of the changes. Why? Because all tax policy is done on quarters, and 120 days between quarters isn't the same as appropriate notice that you need. The changes on pages 50 through 52 deal with sourcing leases, and sourcing means determining where they are taxable, what's the situs of the source for tax purposes. They deal with sourcing leases and incorporate all prior subsections as the sourcing conventions go down the list. It also strikes reference to an exception that we don't use in Nebraska anyway. It makes consistent the term "electronic benefits transfer" or "food coupons issued by the Department of Agriculture." There is need to clarify, for a party who was concerned, the relationship of LB 282 to Yellow Page advertising, because LB 282 strikes the exemption for gross receipts received from telephone directory advertising. That's found on page 15, line 22. There's been some concern from the telephone industry that that would, in effect, create a tax on these advertisements. However, the Department of Revenue maintains that directory advertising has never been subject to sales tax in the past and that passage of LB 282 would not cause directory advertising to be subject to the sales tax. There was one other area of clarification and that has to do with private lines. A private telephone line is a hot line that is constantly open between parties, so that if you pick up the phone it is only...there's only one person on the other line, and it's constantly open. The source of the confusion is whether or not that's taxable, and the answer is, follow existing policy. Existing policy is that if the hot open line uses a telephone company's services, then it's a telephone company service and it's sold and therefore taxable. If the open hot line is simply built for a company and it connects one part of the company to another and doesn't implicate the use of a telephone company's services, then it's not taxed. That's what the Revenue Department has said has always been the policy and that will continue to be the policy in LB 282. With those, those are some areas of concern that needed to be read into the record to satisfy the concerns of parties who weren't sure of the