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LB 759

SPEAKER BROMM: Senator Landis, to open on the third component of the committee amendments.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. This is one of the core aspects of Senator Brashear's LB 759. It's his suggestion on how to restructure the sales tax. This is sort of a dividing point for those people who think in terms of LB 1085's extension, because Senator Brashear's point is that we should drop our rate from 5.5 to 5, and to expand our base to several areas of service and a couple of areas of goods. The committee advanced this, and let me tell you the list of services to which this is extended, and then the goods. The first area of expansion is construction services. Now later on I'm going to tell you where that's limited because there are some limitations to it, but construction services, camps and RV parks, repair services, animal specialty services except for veterinary services, and detective services. Those are the service expansions. Then there are two areas where the goods of the state are subject to new taxes that are not now taxed by sales tax and one of them is newspaper advertising supplements. They are now covered by the newspaper exemption. This would remove them from the newspaper exemption. We currently exclude all food bought at grocery stores and the like. However, Section 10 would exclude candy and soft drinks from the exemption, which means it becomes taxable. Candy is defined to mean a preparation of sweeteners in combination with chocolate, fruits or other ingredients, or flavorings in the form of bars, drops or pieces. Candy does not include preparations made with flour. Soft drinks would be defined to mean nonalcoholic beverages that contain sweeteners, not including beverages that contain milk or milk products, soy, rice or anything greater than a 50 percent...or greater than a 50 percent juice. By the way, this is the streamline definition for the snack tax purposes and would not run us afoul of the streamline provisions that this body has advanced to Final Reading earlier in the year. Now there is an exemption for certain kinds of construction. It would enact a new exemption for repair or annexation labor performed in connection with new construction or the addition or rehabilitation of an existing building that would at least double the market value of the structure. So we're talking about, at least in the committee