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SENATOR CUDABACK: Senator Brashear to open on your amendment, AM1447, to the third component of the divided committee amendments. Senator Brashear.

SENATOR BRASHEAR: Mr. President, thank you. Members of the body, these are some more technical amendments. In the process of...we had divided our amendment. The committee amendment was divided ahead of it. These are some additional technical and cleanup changes that I would like to go through for you. The amendment we regard as a further refinement of the sales tax provisions, in addition to those we just made. First, it clarifies that when...when repair labor as to personal property will be subject to sales tax. Under our current standards, repair parts are taxable, and repair labor is not taxable. The question arose as to repair done to personal property that is exempt from sales tax when it is sold. Examples would be motor vehicles purchased by religious organizations or tax-exempt organizations, or farm equipment and machinery qualifying under Nebraska Revised Statute Section 77-2704.36. The question is whether the taxation of the labor should follow the taxation of the property that is exempt, or the taxation of the parts, in other words, parts that are taxed. The amendment would clarify that the taxation of the repair labor is based upon the taxation of the underlying property. If the sale of the underlying property would be exempt, then the repair labor would be exempt. If the underlying property is taxable at its sale, then the repair labor is taxable. It was my conclusion in trying to sort through this that this was a reasonable approach that follows existing public policy. We're dealing with whether the property is exempt or not exempt at the time of sale, and patterning repair parts thereafter. We've also refined the exceptions to the sales tax on construction services. As I discussed, we've excluded new construction from the tax, in order to track and be like what other states are doing. This amendment further refines that language, so as to exclude projects that amount to new construction, even if it's not what we might think of as new construction from the ground up. This includes, as I said before, additions to buildings, completion of unfinished new construction, replacement of structures destroyed by disaster, and complete rehabilitation of an existing building. And I elaborated on those earlier. We have also exempted construction