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LB 282

does not affect current existing Nebraska policy. And that certainly was the intent of the drafters. But we have a piece that has elicited comment from the telephone industry. We have currently an exemption for what are called private lines. Private lines are lines that move from point A to point B, do not go through a normal telecommunications switch, are essentially dedicated to one purpose. If you pick up the phone, it always, essentially, rings at the other point. When they pick up the phone, it always rings at the place where you are. And you cannot do anything else on the phone. It's just this single private line between point A and point B. And we've said that that...providing that service is not taxable. In 1994, we said, in a regulation, however, that if you do go through a telecommunications switch, that it's not a private line. Because it goes through a switch, it could do other things. Well, what's happened since we originally passed that private lines are exempt rule, and the rule and reg from 1994, is that more and more continuously used telephone lines do run through a switch. For example, an ATM and a bank. There's essentially a telecommunications link-up between the ATM and the bank, although it happens to go through a switch, but it's there for checking balances and making disbursements. The telephone industry has said, we think that essentially dedicated lines that go through the switch should be exempt. The Revenue Department says, no, they shouldn't be exempt. The telephone industry says, the department's interpretation is mistaken, and they do not have the proper authority to issue the regulation, because they're misinterpreting the base law. Meeting with Larry Bare and the telephone industry, what we thought the best way to return to existing law would be, would be to strike the reference to private telecommunications service, to leave us, in essence, with exactly the situation where we are now, which is, the Department of Revenue believes it is taxable, there are people in the private sector who think it's not taxable and who are preparing to sue the state to make that clear. To allow that controversy to continue, and not choose one or the other points of view and then strengthen them by the terms of LB 282, the Department of Revenue and the industry have agreed to this amendment. The Department of Revenue gets to claim that in fact private telecommunications services are taxable, that their 1994 regulation was appropriate, and that they're prepared to defend