

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

May 7, 2003

LB 287

you're saying is that if I have somebody else do this for me, say a repair shop, I'll buy the part from the repair shop, likely, and then they'll install it, do the repair labor. I will pay tax on both the part and the repair labor. Is that correct?

SENATOR CUDABACK: Senator Landis, would you...

SENATOR RAIKES: Okay. So now again you mentioned a case in which we've got this agricultural machine which is not subject to sales tax if it's purchased new or I guess used, for that matter. So what is the circumstance in which I could repair that machine but not pay a sales tax on the repair labor?

SENATOR LANDIS: In the event...and this, by the way, is true for the part as well. In the event the repair is so significant that the machine becomes depreciable, that depreciation status triggers your right to a refund.

SENATOR RAIKES: Let me interrupt you just a second. The machine is already depreciable, so you're suggesting that this repair is significant enough that it would be a separate line on the depreciation schedule?

SENATOR LANDIS: To the extent that you capitalize this repair, it then becomes refundable, part and service.

SENATOR RAIKES: And it would become refundable along with the significant repair being put on a personal property tax schedule in which I would pay personal property taxes. Am I correct there?

SENATOR LANDIS: Yes, I believe that's right.

SENATOR RAIKES: So either I'm going to pay sales tax on the repair labor, or I'm going to pay personal property tax. This is my question. Suppose I replace an engine in this machine and that engine is three-fourths of the value of the machine. So I'm hiring the repair done. So on the personal property tax schedule would be both the cost of the part, the engine, and the labor. So I would pay personal property tax then on both the