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LB 759

SENATOR JENSEN: And I was just wondering if we could follow up just a little bit. You were also mentioning that in the case that I had, starting out at 6 and ended up with 65,000, that you could apply for the refund. And if we had subcontractors along the way, as...

SENATOR BRASHEAR: I am sorry, if you had what?

SENATOR JENSEN: If we had subcontractors along the way, that were paying for labor and submitted a bill to the general contractor and including a sales tax into that, then you submitted those to the department. How does the refund come back, to all those that paid sales tax? Does it come back to the general contractor? How is that handled?

SENATOR BRASHEAR: Well, Senator Jensen, this is a test in tax law, I can tell. But it seems to me that this is not a liability of the contractor or the subcontractor except if they've failed to collect it. This is money which would come from the owner. The owner would pay the sales tax to the contractor, and I, obviously, you're expert in this, I'm not. What payments go the sub? But you are not going to be remitting sales tax to the sub. The contractor is going to be responsible for collecting the tax from the owner. Once the owner has completed that project in which it escalated from \$6,000 to \$65,000 in value, now you are able to determine that it has improved the unit by 100 percent or more. Now it's simply a matter of proving, as in any other refund transaction, you would file an amended return or application for a refund in order to get the money back. Typically, it is done by filing an amended tax return.

SENATOR JENSEN: Senator, what will be the effective date of this bill?

SENATOR BRASHEAR: October the 1st of this year.

SENATOR JENSEN: And all the forms are going to be ready by that time by the department? And notices, and...

SENATOR BRASHEAR: You know you're giving me an opening to make