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FLOOR DEBATE

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committee amendments is from Senator Landis. Senator, I have AM3292. (Legislative Journal page 1190.)

SENATOR CUDABACK: Senator Landis.

SENATOR LANDIS: And that's the one we want to talk about.

SENATOR CUDABACK: You're recognized to open on that amendment, Senator Landis, to the committee amendments.

SENATOR LANDIS: Thank you, Senator Cudaback. Sections 1 and 2 incorporate the definitions of "building materials" and "construction services" into the Revenue Act. Section 3 defines "building materials" as property that will be annexed to real estate or an improvement thereto. Section 4 defines "construction services" as annexing building materials to real estate or the repair of real estate, or building materials to be annexed. In a following amendment, we will also make clear that construction services includes installing utility services, DSL, cable, and other communication lines, but does not include the cost of land, title fees, impact fees, insurance, or other similar things. We're talking about the cost of the actual building itself. Section 5 would amend the definition of "contractor" to incorporate the definition of "building materials." All three options that currently exist can elect...that can be elected by the contractor for sales tax treatment would remain. This section would be amended, however, later on to allow the contractor to collect and remit sales tax due on labor as payments are received. Section 6 would amend Section 77-2701.16, the definition of "gross receipts," to provide that furnishing, installing or connecting utility service shall be considered the gross receipts of a contractor. It would also provide that gross receipts for purposes of the tax on labor shall be considered 60 percent of the full contract price for construction services. That's not fees, land, insurance, that kind of stuff, but for construction services. There will be a following amendment that would clarify that this section only applies to contractors that are treated as consumers of building materials, in other words, would be not retailers, and would also provide an allowance for sales tax paid on building materials. The allowance would be equal to