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FLOOR DEBATE

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LB 1017

40 percent of the equal contract price, but that's an amendment coming up. Section 7 would amend 77-2701.34, the sale of...the definition of "sale for resale," to include subcontracted construction services within the definition, allowing essentially the grossing up to the general contractor of the labor that's being sold so that can be then collected from the ultimate consumer. Section 8 would amend Section 77-2701, the definition of "use," to incorporate the new definition of building materials. Section 9 amends Section 2703 to provide that the sales taxes on construction labor are due when progress payments are received for a construction project. Sections 10, 11, and 12 would amend 2704.12, .15, and .32 to incorporate the new definition of "building materials." Section 13 would amend Section 2704 to provide for a preapproval process for major renovations that may be exempt from the tax on labor. For projects involving single-family residence or duplexes, the taxpayer may seek preapproval from the Department of Revenue or ask for a refund of the tax after the fact. Or if the contractor believes the project is exempt, they simply notify the department of the nature of the project. For other types of projects, only the preapproval, that would be commercial, in other words, for other types of projects, commercial projects, only the preapproval and refund processes are available. For preapproval, the taxpayer is to file an application on a Tax Commissioner's form, pay a \$500 application fee. Remember, we're talking now essentially about the commercial area, probably most of all. The fees would be deposited into the Contractor Enforcement Fund. The form is to bear the signature of a licensed architect or engineering (sic) showing the extent of the renovation and requiring...I'm sorry, pointing out that it is an exempt project. The Tax Commissioner would either approve or deny in 60 days. If they don't speak, then it's approved. After completion of the project, a licensed engineer certifies that the renovation was completed in substantial conformity. You don't get to lie. A licensed professional acknowledges that to the department. Any information received with an application can be disclosed to any other tax official. Section 14 would amend 27,188 to harmonize, and Section 15 would provide that the bill becomes operative July 1, 2004. That's the amendment to the committee amendment. I would ask for its adoption.