

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

April 6, 2004 LB 1017

a...exempt work on a new project or remodel work which is taxable, if you are a subcontractor the...you're an option two, the inventory, your inventory, is tax paid and you have the ability to roll forward the labor charge. So it all gets rolled forward to the general contractor, who then would be the one in a position to know whether or not the project is tax-exempt or taxable, and at that point this procedure doesn't require, if it is taxable, for example, does not require that you carry that trail of labor charges all the way through that chain. We simply, as Senator Landis pointed out, make the legislative assumption that of that repair project, 60 percent of it is labor. So you have two situations there for the general contractor. Either the project is not taxable, in which case there is no tax due because the materials tax has already been collected at the lumberyard. If it is a nonexempt project, then the general contractor simply takes 60 percent, and we'll take a slight modification of that which is necessary, but for now takes 60 percent of the total retail price, collects and remits sales tax on that. So it's one simple calculation. You have most of the people in the chain that don't have to be involved at all in collecting sales tax, only those ones who deal with a final customer and are dealing with taxable projects. So hopefully that makes it a little bit clearer. I will tell you that I think this is real progress, as evidenced by that kind of simplicity, as evidenced by the fact that I think the part I've talked about up to now is agreed upon by a host of different folks that are in the construction business, ranging from homebuilders to home...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...remodelers to commercial contractors and so on. So again, I know this is confusing but I think the bill that Senator Landis has prepared here is a very good effort and one that I hope you can support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Further discussion on AM3292? Senator Preister, followed by Senator Chambers.

SENATOR PREISTER: Did you call me, Mr. President? I heard both