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FLOOR DEBATE

April 13, 2004 LB 1017

CLERK: Mr. President, Senator Landis would move to amend with AM3658. (Legislative Journal pages 1592-1594.)

SPEAKER BROMM: Senator Landis, you're recognized to open on AM3658.

SENATOR LANDIS: Thank you, Senator Bromm, members of the Legislature. This is the kind of thing that's occasioned by the exigencies of the fifty-eighth day. LB 1017 does not now, with the terms that are in it, pay for itself. It has about a \$1 million loss. That \$1 million loss has to do with the allowance that's made for taxes paid by certain contractors in some exchanges. Now the bill itself is a follow-up to what we did last year on contractor services, something that was supposed to have about a \$32 million to \$35 million impact on the annual take for the state as far as taxes. In fact, Senator Stuthman asked me before our debate today, he may want to do it on record as well, are we getting any money from this? He would want a certain amount of accountability. In the first quarter in which this tax was charged, our Department of Revenue indicates that \$8 million was raised by this tax. That's per quarter. So for a year that would be 32 million bucks. In other words, somewhat on target, a little bit lower but on target for what we were always talking about for construction fees. So this is yielding us money. However, it was an administrative difficulty both for the people who were contractors determining how they were going to proceed on an accounting basis, and for people trying to determine whether or not the project that they had was to be taxed or not because we have some exemptions. One of the things that we found when we took testimony was that contractors were complaining of a black market in this area, people either from out of state or small contractors in the state who were not complying with the law; not paying taxes, not collecting taxes, underselling the marketplace, and essentially injuring that legitimate company who was, in fact, charging the taxes. Now that's true in the construction field, but there are several others as well, the most blatant of which are large contractors from out of this state who come into Nebraska, build a project, and go home; people who are not carrying their weight, people who are not contributing to the state, people who are not contributing to