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Transcriber's Office
FLOOR DEBATE

February 4, 2005 LB 216

members of the Legislature, this is a floor amendment drafted by Senator Brashear's staff and my staff as well. One of the provisions of this was to clarify an existing tax rule with respect to admissions. Understand that whether you are a profit-making or a nonprofit-making organization, if you sponsor a public event and you sell tickets, those tickets are taxed, so there's a sales tax on admissions, if you will, to a public event. That's true if you're at The Grand theater downtown in Lincoln; it's true if you are on a university campus and you're buying a ticket to a play. I've paid plenty of sales tax going to plays on the university campus. Now, what happens when you have a membership in an organization and the membership entitles you to free admissions? You're a member of a museum, but as a member of a museum you get five free admissions to the museum. Well, the statutes now say you divide those two values. You divide the contribution value and you separate out the admission value, and what we are doing here is to make sure that we retain that clarification that the contribution section of that kind of a membership fee would continue to be tax-exempt and only the admissions section would be subject to taxation. Additionally, the amendment in the bill makes for a clarification in this way. To get around the admissions language, on occasion some groups have said, you know what, become a member and then we'll give you admissions or usage and, because it's a membership but not an admission, you'll be able to come but you won't have to pay sales tax--I think an attempt to circumvent this statute. To get around that, the Revenue Department said, look, if you're a member, you're a voting member. You get a chance to decide policy. That's a membership. If that's a membership, fine; that certainly is tax-exempt. But if you're a member and you're not one of the people who gets to decide the organization, this is not...this is not a membership that is, on its face, tax-exempt. Membership where you get to vote for the leadership, absolutely, you are a member. Members where you aren't going to be able to choose who the leaders are begins to be something that could be a disguised form of admission. And so what this does is it helps clarify that...well, the provision in the bill helps clarify that bright line. What Senator Brashear brought to my attention was what about places where we have a clear membership, they meet the standards, people become a member and they vote, but they're also given free admissions