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FLOOR DEBATE

March 30, 2005 LB 753

CLERK: LB 753, by Senator Bourne. (Read title.) The bill was introduced on January 19, referred to the Revenue Committee, advanced to General File. I do have Revenue Committee amendments. (AM0643, Legislative Journal page 663.)

SENATOR CUDABACK: Senator Bourne, to open on LB 753.

SENATOR BOURNE: Thank you, Mr. President, members. I ask that you bear with me this morning. This is a very confusing issue. Let me tell you exactly what LB 753 does. The intent of this bill is to clarify a contractor's obligation to collect sales tax related to the installation of telephone and cable television. The bill will not make changes to the current sales tax policy, but will clarify when the requirement for these contractors to collect the sales tax actually began. To give you a little of the history, in 2003, the Legislature passed LB 759, and under this measure, building contractors were required for the first time to collect sales tax on their construction labor. However, there are still some issues that need to be resolved, and the Legislature passed LB 1017 in the following year. As the law stands now, it is clear that labor charges for placing outlets, wiring, or cabling within a building, or telephone, telegraph, and cable television service, are taxable. However, these services are also exempt from the sales tax if done on a project that is exempt. The uncertainties that arose prior to the passage of LB 759, and in the time between the passage of LB 759 and LB 1017, have created an adverse situation for the contractors, and this bill seeks to remedy that situation. Its intention is not to result in the refund of taxes already collected, but to spell out which taxes shouldn't be collected retroactively. That, in a sense, is what LB 753 does. Senator Landis and the committee have worked on this and scaled this bill back, and there is a committee amendment which maybe Senator Landis can offer a little more enlightenment. Again, it's a confusing issue. It's designed to clarify what is and isn't collectible, and at what time frame those taxes should be collected. Thank you.

SENATOR CUDABACK: Thank you, Senator Bourne. You've heard the opening on LB 753. There are committee amendments, as stated.