

March 3, 1980

LB 616

of which I am a member voted overwhelmingly to advance this bill to the floor. I was the only negative vote. We heard from John Decker who, as you know, is a deputy tax commissioner about the impact of this bill on tax revenues to the state. Mr. Decker indicated to us that it is very difficult for the Department of Revenue to fully ascertain what the tax, whether the state would ultimately gain in taxes or lose in taxes but it was his opinion that if this bill were adopted, there truly would be a loss to the state in tax revenues. Again given the novelty of the issue, he really didn't know exactly what the tax losses would be. It seemed to me that the existing system was operating correctly, and to the extent there was any type of double taxation in effect, it was a product very simply of an airplane dealer making a conscious decision not to resell that airplane upon its purchase but rather to put the airplane to use, and once it was put to use and rented out to various groups, the nature of that airplane sufficiently changed so in fact the tax would be borne at the time the dealer made the decision to put the airplane into rental use, and again when the dealer ultimately sold the airplane, a sales tax would be borne, this time to be paid by the ultimate purchaser. Well, that is the way it works. That is the way it works in much of our rental business and it seemed to me that if we decide to advance this particular bill we are creating another exception to our form of sales taxation which other industries could then use to support their requests for equity and fair treatment and we will find the loophole getting larger and larger and larger and, again, we will see continued erosion in our tax base. It was for that reason that I voted against the bill in the Revenue Committee and I would urge all of you to vote against the advancement of this measure.

SPEAKER MARVEL: Senator Kelly and then Senator Keyes.

SENATOR KELLY: Mr. Speaker, members of the Legislature, LB 616 brings equity to the aircraft industry out of chaos. What we are talking about in this bill is that if a dealer, an aircraft dealer, has a \$50,000 piece of equipment in his inventory and he uses it for a charter flight, for rental, whatever he would use it for, he has to create a situation whereby he is actually selling that airplane to himself and he'd pay the \$1500, the 3% of the \$50,000, for tax. Should it be that next week that aircraft is sold to a customer, that is correct, another \$1500 goes into the State of Nebraska as a sales tax paid by the retail purchaser of the airplane. What the industry would like to do would be to pay that first tax on a prorated basis as they would

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