

March 3, 1980

LB 616

use that aircraft, they would pay the use tax. If the airplane never sold, the whole \$1500 would be used up in the life of that airplane or before and the state would receive their \$1500 but not the \$3000, just the \$1500. This is exactly the system, Senator Johnson, this is exactly the system that we have in place for those people in the aircraft industry known as common carriers. As you are well aware, they are exempt from the sales tax, and as you know, well aware, that they are exempt from a use tax that they would pay on the services that they would perform as common carrier. Now that particular part of industry is totally exempt in a loophole, if you call it that, but that is a little different situation than what we have with the dealer but this is a standard equity procedure is to pay a sales tax on a transaction or to pay a use tax on a use. Now when a dealer takes aircraft out of his inventory and puts it on the line for rental or for use, it should come under the use tax proposition because there has been no transaction. There has been no sale from his inventory to his line. It is the same owner, the same aircraft, everything the same, except it is now being used and it should pay a use tax but it should not pay a sales tax on the whole sale price of that airplane and 616 addresses this inequity and it should be advanced. Now in dollars and cents of the Nebraska Treasury probably there will be a gain, Senator Johnson, not a decrease, and in asking this question of the Department of Revenue, they feel that may be true and they feel that it may not be true but it is nice to know that they are feeling. When this is in place we would know exactly what the tax is that we should be collecting and whereby the State of Nebraska has been collecting a double taxation on these aircraft, I would expect a reduction in the amount of money coming to the Treasury but an increase in what would be the standard legal collection instead of the state illegally collecting 6% sales tax on aircraft. I request, ladies and gentlemen of the jury, that you support this bill and particularly today if you are a little bit on the fence, which there will be a few who are, assist in advancing this bill at least to Select File because we are short members today. We do want to move along and this bill should be supported and we ask your help. Thank you.

SPEAKER MARVEL: Okay, Senator Keyes, then Senator Burrows, then Senator Hoagland. Senator Keyes.

SENATOR KEYES: Mr. Speaker and fellow Senators, I think Senator Kelly has probably put it about as well as anybody

7617