

amended LB 715, sales and use tax, items 4 and 5 are listed. Four is construction or contractor purchases for organizations, and five is tangible personal property bought by repairmen for exempt organizations for restoration for tangible personal property. This amendment if adopted would restore the contents of this exemption. Let me explain why I am offering that and why I think that this is not a net fiscal impact to the state but, on the other hand, would cause a great deal of burden to people doing business in these particular areas. If you notice, all of these estimates which would total approximately one and a third million dollars according to the estimates of the Department of Revenue have little asterisks next to them. If you turn over there, they indicate that these amendments include both materials purchased by the organizations and by the contractors. Sufficient data is not available which would allow the Department of Revenue to calculate separate estimates. So first of all, the one and a third million dollars that is estimated here is, even on this document, brought into question that it would not really raise that much. Let me explain to you how this normally operates out in the business world in these sort of situations and I have asked Senator Lynch if he minds if I use his old plumbing-heating company, Lynch Plumbing, as an example. And he said, fine, it may bring a little more business to their company if we use him as an example and so we will use Senator Lynch's old company as an example. Now let's assume that his company gets a contract to do work for a Catholic school in South Omaha. Let's assume a boiler needs to be replaced. The normal situation is for Senator Lynch to go to the Catholic school and say I will replace your boiler for X number of thousands of dollars, and then Senator Lynch's company will go out and they will buy a boiler. The church is tax exempt. What it does is it assigns Senator Lynch, the contractor, to be the purchasing agent for the church. When they purchase this boiler, they do not then pay the sales tax on it because they are purchasing this for the tax exempt organization. They install the boiler and they charge the church the cost of labor, the cost of the equipment, and there is no sales tax on that item. Now if this bill passes without this amendment, Senator Lynch's ability to purchase this on a tax exempt basis will end. Theoretically then the cost of his installation will go up by the 5 percent sales tax margin and the church will pay an additional 5 percent for this repair project and the state will get additional revenue. That is in theory. In