



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 161

Chairperson: Abbie Cornett
Committee: Revenue
Date of Hearing: March 11, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 161 enacts the Business Provided Sales Tax Holiday Act. The bill allows retailers to provide a state “sales tax holiday” on the first weekend in August 2009 and 2010. Under the bill, the sales tax will not be collected from the consumer, it will be absorbed by any retailer who decides to participate. The state will not suffer any negative sales tax receipts because of the “holiday”.

Under current Nebraska law, retailers who collect sales taxes on taxable sales must abide by the following requirements:

1. the sales tax *shall* be collected by the retailer from the consumer,
2. it is *unlawful* for the retailer to *advertise* that the tax will be assumed or absorbed by the retailer, and
3. the sales tax *shall* be displayed separately from the price of the article.

LB 161 makes an exception to those three requirements. The exception is allowed on the first Friday, Saturday, and Sunday in August. Under this bill retailers *may*:

1. decline to collect the tax from the consumer (the consumer will not be required to pay the tax),
2. advertise that the sales are tax-free and that the retailer will absorb the tax, and
3. combine the tax and the price.

Under this bill, the retailer is still required to submit the tax that would otherwise be due to the state.

LB 161 puts the retailer in control of the holiday. The bill is optional—retailers decide whether to participate and the retailers decide which taxable retail products will be eligible. The bill sunsets after August, 2010, unless extended by the Legislature next year or in 2011.

Principal Introducer:

Senator Rich Pahls