

at that time I had thought very seriously of supporting 518 because of the \$70,000,000 ceiling and in the end I did not support 518 and simply because the problem to 518, problems that were created with the passage of 1241 in 1972 was a real...the real problem was one of the distribution of the funds and it related to what and how, what was exempted at that time. Now in 1972 the proposal, the "deal", the bill, basically exempted agricultural inventories and business inventories for reasons which belie any philosophical consistency. They also added farm equipment but not business equipment and therein lies the key to the problem. Now because tax exemptions have to provide for pay back formulas or else you are going to have a lot of opposition from local governments, simply what happened at that time was that 1241 paid back on a dollar for dollar basis exempted property but what you had then is you had two classes of property in rural areas exempted and one class of property in urban areas. So the dollar, the pay back formula basically which replaced those lost dollars went to rural areas and therein lies the very heart of the problem that we are dealing with today. The heart of the problem is simply this. We have exempted inventories and one class of equipment and that is agricultural equipment. Now I suspect that there was some good political motives for doing that but it is still a bad tax law and it is the kind of problem that has created what everyone here on the floor calls this tremendous urban-rural split. Well, in fact, it is an urban-rural split because it uses sales and income tax dollars which are generated primarily in urban areas to pay for property tax relief in rural Nebraska. In other words, the people in my district have the opportunity, the great privilege to pay for property tax relief in rural Nebraska. Now therein lies the heart of the problem. The question of whether these things should be exempted in the first place is a very difficult question but that is basically the question and so consequently we have come now to discuss the pay back formula and the injustice of adding farm equipment without adding business equipment. I don't think that business equipment should be exempted but I don't think farm equipment should have been exempted and the pay back formula should not have been based dollar for dollar pay back but the one beneficial thing to 518 the one thing that made it an attractive bill to the Governor, the one thing that Don Dworak stood up on the floor in 1976 and said this is a good bill because it has got the \$70,000,000 ceiling and everyone else said this is what has to be there. We have to have the \$70,000,000 ceiling and everybody talked about the \$70,000,000 ceiling. Senator Schmit, who was the sponsor of 518, was praising the \$70,000,000 ceiling, saying this is the only way we can get out of this thing cheap. Everyone was talking about the