

Missouri and Minnesota, could have a fairly devastating effect on the racing industry in our state and maybe the time had come for us to more carefully examine the way we tax the tracks. So he appointed a commission and the commission consisted of John Cavanaugh, Chairman; Duane Acklie of Lincoln, James Beltzer of Grand Island; the Honorable which is a misnomer, but the Honorable Gerald Conway of Wayne, Robert Daugherty of Valley, and the Honorable John DeCamp of Neligh, Don Dworak of Columbus; the Honorable, that really is a right appellation, Jerry Miller of Davenport, Deb Quirk from Hastings, Lynn Roper from Lincoln, Ron Strasburger from Holdrege, and Steve Seline, Special Counsel, that was his commission. The commission met. The commission ended up making a recommendation which was that we simply increase the exemption from the parimutuel tax, which currently exists, from \$1 million to \$7 million, and in addition the commission recommended that in tax year 1986 we lower the tax from 5 percent of the handle to 4 1/2 percent of the handle. Now when the Revenue Committee got the recommendation of the commission, the Revenue Committee was not quite as generous as the commission wanted us to be. The Revenue Committee said we are prepared to increase the exemption from the parimutuel tax from the \$1 million which currently is exempt from taxation to \$7 million but we are not prepared to reduce the tax on the handle from 5 percent to 4 1/2 percent. And the reason why we said that is because we wanted to wait a year to see exactly what competition did bring. I mean, in fact, right now we are simply faced with a specter of gambling competition but not the reality. So it seemed to us though it would be advantageous to raise the exemption level from 1 million to 7 million and to also eliminate, incidentally, that special break that Atokad got and Columbus got and Lincoln got because in going from the 1 to 7 million dollar exemption we, in effect, protect the smaller tracks and that is all we are prepared to do this year. So the committee amendment, the committee amendment simply takes Senator Conway's bill and raises the current exemption from the parimutuel tax from \$1 million to \$7 million. The committee amendment is deemed to be revenue neutral, and by that I mean it is deemed not to lose the state any money. The reason why is that because Ak-Sar-Ben may now race its horses on Sunday, the handle is expected to increase at Ak-Sar-Ben more than enough to make up for this increase in the exemption from tax. Once that happens, then the state should continue to collect about the same amount of tax this