

state taxed that item...if more than three states...if three or more states taxed an item and Nebraska did not tax the item, then that particular item would be treated as a loophole item and Nebraska should close the exemption. So when the Governor brought us LB 715, he brought us a list of approximately 28 different items that he thought ought to be subjected to a sales tax. The Revenue Committee, and had those 23 different items been subjected to a sales tax, according to Governor Kerrey and his analysis, we would have increased the state tax base by \$44 million. Now the Revenue Committee held long hearings on his concepts, and we concluded that some of the items that Governor Kerrey wanted to tax should still not be taxed, and we concluded that some exemptions had been put in the law for good and valuable purpose and ought not be repealed. So what we did is we went through this whole process extremely carefully and we marked up the Kerrey proposal, and what you will find on your desk, I have had a Page pass it out, is you will find, my initial is on it apparently, I don't know if it is or not, but if it is not, don't worry about it, put it on, just put VRJ on it. In any event you will find on your desk a chart showing what the Governor proposed and what the committee took out, and all the places you find X's are those places that the committee actually took language out of the bill. We have ended up with a bill that would generate approximately \$23,595,000 in additional money to the State of Nebraska by virtue of our closing some of these exemptions and loopholes. I can go through the committee amendments one at a time in my time if you would like to explain exactly what we took out of the bill. The first item that we had to deal with was an item known as an "occasional sale". A lot of nonbusiness type sales are simply not subjected to a sales tax because they are deemed to be occasional sales. Interestingly enough most of our sister states do tax those occasional sales. Governor Kerrey would have had us tax all occasional sales. We concluded, however, that there was still some occasional sales which were not arm's-length occasional sales, that is, sales between related businesses or within corporations that should not be subject to the sales tax so we made that change. Now, Governor Kerrey, incidentally, wanted to repeal the current exemption on repair parts for rolling stock and common carriers. He wanted to do that. I alluded to that issue a little earlier in connection with LB 219. The committee learned the history of that sales tax exemption for repair parts for common carriers and for