

railroads and the committee frankly concluded that that was a worthwhile exemption, that in the absence of that exemption we would see the railroad industry repair parts literally flee the state, and we came to believe that. I mean we genuinely came to believe that. In fact the committee was irritated at some of the comments the railroads made but we concluded in the end that their comments were likely to be correct. So we left that exemption alone. We then came down to one of the major exemptions which currently exists which is right now, right now, the business user of utilities do not pay a sales tax on the utility purchases. Now the residential consumer of utilities does pay a sales tax on utility purchases but the business user does not. What we did, and I am looking at get my chart, I am grimacing a little bit, is because we virtually closed that exemption only to business and commercial uses of utilities. So we closed that exemption so that we would raise about \$12.6 million new dollars. We made certain, however, that that exemption continued in full force and effect for manufacturers, for farmers, for ranchers, for any industrial purpose for the use of utilities, but in terms of retail use of utilities, business use of utilities, office use of utilities, that exemption will be gone, and you might look at what other states do. My recollection is that if we look at our sister states on the sales taxation of utility purchases by businesses, you will discover that all of our sister states, every last one of our sister states, Wyoming, South Dakota, Iowa, Missouri, Kansas, and Colorado impose a sales tax on the business and commercial purchase of utility services. So we are the sore thumb in this tax area. Now the Governor was going to have us put a sales tax on churches and religious organizations, and while there was some sentiment to have that job done, we decided in the end that religious organizations, the religious organizations and churches in Nebraska had enjoyed an exemption from sales tax for quite awhile and that was probably a group that we at this juncture decided not to tax. In many respects, the decision was a political decision. It started out a religious decision but mostly a political decision. Again if you look at my chart in our books you will discover that most of our sister states do impose sales tax on church purchases but we decided to keep it off. Now some of these churches and other nonprofit organizations use contractors to help them build their property and the like, and when they use those contractors, those contractors are known as their purchasing agents.