

They go out and buy goods for the churches and the like. We decided to continue, we decided that it was important for us that we impose a sales tax on goods bought by purchasing agents and so that is still in the bill. We took out of the bill most everything that smacked of a sales tax on services because the committee itself had developed sort of a, oh, kind of a knee-jerk reaction to the word "services" and sales taxes. I didn't have quite such a knee-jerk reaction but the committee members did so we took out almost everything that dealt with imposing a sales tax on service, and again you can look at your list and you can kind of find out what we were talking about. We did leave a sales tax on custom computer software, incidentally. That has been discussed at some length on this floor in the past. One of the other issues in this bill I know is going to be subject to a fair amount of dialogue is the thing known as the "old LB 3 exemption". Senator Goodrich has done a wonderful job in this Legislature in finding a sales tax exemption for purchase by manufacturers of new equipment. Now that exemption was originally billed to be about a \$3 million exemption. It has turned out, according to the Department of Revenue, to be something like a \$10 million exemption. The Department of Revenue and Governor Kerrey suggested we repeal the exemption in total. We decided not to do that.

SPEAKER NICHOL: One minute.

SENATOR V. JOHNSON: We cleaned up the language. We turned the exemption into a refund, meaning very simply that the manufacturer has to pay the tax, and then if that is an exempt transaction can apply to the Department of Revenue for a refund of the taxes paid. That is a much better monitoring system for an exemption so that is in the committee amendments. We also provided a tax on subscriptions for magazines and journals, a new tax item. We provided a variety of other taxes as reflected in the material on your desk, and we, in addition, took out a couple of other items. In the end, the committee amendments if adopted will make this bill a more moderate exemption closure and will still raise about \$23 million for the State of Nebraska, which \$23 million, incidentally, we need this year if we are to fund the general homestead exemption.

SPEAKER NICHOL: Senator Schmit.

SENATOR SCHMIT: Well, Mr. President, and members of the