making steel and it is becoming a most competitive business. So every bit of efficiency, every cut ure they can achieve is to their benefit. Under 273, if cost...cost-cutting measure they can achieve is to their benefit. Under 273, if you will notice in the summary handed out by Senator Johnson, number two pertains to the sales and use tax exemption for ingredient or component parts is limited to include only items that are incorporated into the end product. This is a result of the NUCOR case lost by the state and I would like to explain that to you a little bit. The Revenue Department contends that the cost of these graphite electrodes should be placed under a...have the sales tax and use tax because they claim it is not a vital part of the steel itself. The Supreme Court ruled otherwise. They agreed with the district court decision that the state had contested. Now the carbon content of steel can be as high as 50 percent. Carbon is not the only ingredient in steel. In addition to carbon there is manganese, phosphorous and sulphur, but by far the carbon content is the most important ingredient of the four and is the main strengthening agent in the steel making process. It is undisputed that the graphite electrodes are not a fuel and that part of the electrodes become a component of the finished steel product. The electrodes both conduct electricity and supply carbon to the product, hence, we have the amendment to 273. Basically all 273 does is maintain our current law and that is that ingredient or component parts are tax exempt. The change in 273 makes it clear that if any use is made of an item, either prior to its incorporation into the product or if the item is used for any other reason additional to the incorporation into a product, sales and use tax is to be paid on the purchase or use of that item. Our amendment strikes that because we do not believe, as the department does, that a judicially created loophole exists here. At this point NUCOR, I think almost believes they are being singled out because this one particular item in 273 does not pertain to any other manufacturer in the State of Nebraska. I would urge you to adopt our amendment which removes the language in 273 that appears on page 60 of the bill where we would strike the new matter in lines 20 through 26. Also on page 69, strike the new matter in lines 17 and 24 and strike the new matter on page 70, lines 15, 19 and 22 through 26, and all those lines pertain to our taxing the carbon, the graphite electrodes. Thank you.