

comment made that somehow or other the income tax approach would affect municipal bonds that banks hold. I don't know how many they hold. I attempted to check with the Department of Banking. They couldn't say, didn't know, at least the person contacted. Contacted the Kansas City Federal Reserve and they indicated that the amount, without a number, was very small. I don't know how big very small is to the Kansas City Federal Reserve, but I suspect it may not be all that significant. But what I really have a problem with, on this amendment, and I assume someone has checked it out. By the way, I also had a problem with the progressive and tangible property tax that was just voted down. I voted no, not to kill the bill, but on the principle that I am very opposed to beginning a progressive property tax, whether it is tangibles or tangible. But I am wondering how you get around the Constitution of the state being prohibited from levying a property tax. Now I may be in error but it used to be in the old days that the Constitution had two kinds of property. There was tangible and intangible property. Intangible property, among other things, was deposits. Used to be a 2 1/2 mill levy, as I recall, on bank deposits. It was my impression at least in '67, when the Constitution was amended, that we could no longer tax property, whether it was tangible or intangible, for state purposes. It was my impression that one of the bills this time dealing with deposit tax there was enough concern that they thought about deposits...that the tax had to be collected by the counties as opposed to the state. But I have a concern that we may have no tax at all with this proposal if, in fact, deposits are property, and if, in fact, the state cannot tax property. There is no doubt in my mind about that portion. But in the event that is true I think it would be well certainly not to adopt the amendment and proceed with...even though it may be more complex, proceed with an income tax approach which is not certainly unreasonable and there may be details of it that need to be adjusted, that I can't react to. But I think it would be highly questionable, at least to me, whether you can even constitutionally put a deposit tax or a form of property tax for state purposes. So I would urge you to reject the amendment at this point, unless it is clearly shown that that is not a problem.

SPEAKER NICHOL: May I introduce some guest, in the south balcony, of Senator Eret. There are 15 students in the fifth grade from Dorchester, Nebraska, accompanied by their