SENATOR BEUTLER:  Senator Landis.

SENATOR LANDIS:   Mr. Speaker, members  of the  Legislature,
I'm trying to come to  grips with Amendment 1201, I believe.
Senator Warner, two  questions  if   I  might.   First,  I
understand that the amount of  the proportion between income
based capitalization  rate and  market based  capitalization
rate is 90-10.   Why 90-10?  Why not 50-50,  75-25?  What is
the rationality for those two numbers?

SENATOR WARNER:   The reason, as  you know,  Senator Landis,
the bill I introduced was a 50-50 one.  Again it is the sole
argument  that  I've used  all  the  way  along, it  is  the
standard  for  comparison,  10 percent   still  retains  the
ability  to  make that  comparison,  whether  it is  10,  or
50 percent,  or  100 percent...well   100 percent  would  be
different.   But that  is the  reason.  It  is minimal.   It
doesn't impact  significantly the  capitalization rate  that
could be  used, but  it does  retain that  market comparison
factor.

SENATOR  LANDIS:  I  understand the  nature  of the  answer,
thank you.  Secondly,  tell me how you  envision the Revenue
Department  creating  a market  based  capitalization  rate.
What steps will be gone through to achieve that number?

SENATOR WARNER:   My presumption,  Senator Landis,  would be
exactly as  they did  the market  value, they  actually back
into it,  as you  know.  As a  practical matter  they backed
into it  using sales...comparable  sales data  and earnings,
arrived at a capitalization rate which is, as I indicated in
my opening remarks, if you use the '85 manual you would have
a capitalization rate  significantly lower than 11,  and the
effect of this,  were the '85 manual to be used,  would be a
slightly  lower  capitalization  rate  which  would  mean  a
slightly higher  land value.   But I  also would  argue that
those market values  from the '85 manual are  totally out of
touch with what the real world is about right now.

SENATOR  LANDIS:  Okay,  thank you  for the  answers to  the
questions.  They were very responsive and I appreciate that.
Members of the Legislature, I  oppose this Warner amendment.
Number one, there  isn't, other than the fact  that you want
to  keep  a  figure alive,   which  we  are  keeping  alive
elsewhere, rationale  as to  why you  use 90 or  10 percent.
Secondly,  the  methodology  that is  proposed  is  I  think