

Now, we have to realize that agriculture carries the major portion, a disproportionate portion per household in the cost of education, which is the highest cost that we have. I sit on the Revenue Committee also and so we look at things in the Revenue Committee from the position of fair taxation up to the point to where it is a good business proposition. Fair taxation would eliminate all exemptions. Why do we have exemptions on railroad purchases of their repair and replacement parts? Why do we have exemptions on replacement parts on trucks? Because it is not a good business proposition to have them. They convinced us that they would go into another state and we would not be able to have their employees working here. We wouldn't collect the tax, we wouldn't even have their employees here. So we chose to exempt them, a \$10 million plus exemption. I chose...at that time we also were discussing agriculture and the purchase of repair parts in agriculture and the exemption of those repair parts. I chose a year ago because a farmer was trapped, he couldn't go someplace else to buy his parts, generally he can go across the border to purchase a new machine but he isn't going to go someplace else to buy his parts, so I chose not to exempt that. But a different situation has happened. Something is encroaching upon us from the east. Maybe some of you know about it and maybe some of you don't, and that is that they are having exemptions in agricultural products that is coming at us from the east. First it was Indiana and Illinois which forced Iowa to exempt their parts on agriculture purchases for replacement. In fact, it was for all parts. We are just touching a very small portion of it here when we are going for the replacement parts on repair of equipment. It is encroaching upon us. Right now we need to make that decision to exempt these parts, purchases of these parts, because it is a good business decision. I would like to have you ponder that a little bit. We have to have taxation fairness. We also have to look at taxation from a good business sense. If we don't...if we don't eliminate, if we don't give this exemption, we will be losing business. And I want to say that a major portion of the agricultural business comes out of the City of Omaha. I didn't know that until yesterday. A lot of it is wholesale but a major portion of the agricultural purchases are made in Omaha on the retail level also. That business will be lost in Omaha.

SENATOR CARSTEN: Senator Haberman.