

at great length about the impropriety of the hold harmless language in LB 1142 and I respect that kind of a discourse because those are issues about which reasonable people can differ. Today the issue is whether or not the State of Nebraska should tax tangible personal property sold at farm auctions, and in many respects, none of us like to have to impose a tax on anybody but we do have to do that for the purposes of raising revenue for the state. That particular provision came in LB 715. LB 715, as you know, extended the sales tax to a whole variety of activities including occasional sales, including farm auction sales. That amendment...that provision in 715 had been discussed, it was discussed on the floor. Senator Schmit brought it to our attention on the floor and we dealt with it openly and honestly. That provision has caused some problem with auctioneers. Your Revenue Committee has tried as diligently as it can to literally eliminate the problems that auctioneers have. For example, in LB 1027 right now is a provision which simply makes the clerk responsible for the collection of the tax if the sale is clerked and not the auctioneer. LB 1027 right now contains a provision that doesn't require the auctioneer to sift out the exempt property from the nonexempt property because it taxes all property sold at auction, so in effect there is no nonexempt property sold at auction. We have done everything we can to alleviate the burden on the auctioneer. The question then comes down to whether or not the transaction itself should be a taxed transaction. The reason that the auction is a taxed transaction is this. Number one, these transactions are taxed in a majority of the sister states surrounding Nebraska. So we, in a sense, are joining a majority of sister states. Number two, the purchase of the same equipment, not a farm sale, but instead through a farm implement dealer is a taxed transaction. It is the same equipment but it is a taxed transaction. Number three, it is important for this state to have a broad revenue base. It is important to have a broad revenue base, and in doing so, the Revenue Committee, number four, I guess, is a kind of an offset to number three, it looks as though this particular exemption that Senator Johnson would like to attempt to have us effect would result in a revenue loss to this state of about \$2.2 million. This would come at a very difficult time for the state in terms of revenue losses and revenue gains. So I simply say to you that the issue is before you. It is very carefully framed. I think we have taken a lot of the pain out of auctioneer monitoring of the tax. I think we are simply asking for equity in the transactions with respect to farm dealers as opposed to farm auctions. I think it is a high cost amendment and, finally, the better policy