

exemption for sales tax on farm machinery, business equipment, farm equipment and business machinery. You would also have, as replacement revenue, certain service taxes and a long-distance tax. Now, as I said at the beginning, and you have now adopted the divided question on the issue of exemptions. So I take it from that vote, at least the 25 votes, that there is some interest in looking at exemptions on types of equipment and, as I said before, if we are going to include, and I think Senator Landis brought it up in his talk, if we're going to include...if we're going to adopt a personal property tax on a depreciated value schedule, that it makes sense to look at different ways of exempting a portion of that equipment off of the sales tax rolls. And Senator Warner, I believe, has an amendment that does that or has another option, there may be others. Now the sales tax and the long-distance tax are replacement revenues that existed in LB 1120 or a portion of them. There may be other replacement revenue items, but I think where we are now is this, at least from that vote, is it...not in a bad place actually, because where we are if we adopt this amendment, we will have at least adopted the concept that personal property should go back on the tax rolls. We have also, by this last vote, adopted philosophically that the compromise on this tax measure must include some exemptions for farm machinery and possibly business equipment and farm equipment and that's there now. The question then becomes, how are we going to replace it? I've given an option for that and there may be...

SPEAKER BAACK: Just a second, Senator Ashford. (Gavel.) Will the body please keep your conversations down, please. Continue, Senator Ashford.

SENATOR ASHFORD: Thank you, Mr. Speaker. In essence, then I think we are in a position now where possibly we can start looking at options and start talking substantively about where we're going to go. The key to this vote on this amendment is that we accept the principle of LB 1063 but in doing so we also accept the principle that it makes good sense to look at exemptions on those types of items of property. How we replace that revenue depends to a great extent on how...the cost of the exemptions. Right now, the exemption cost is approximately 40 to \$44 million. There may be...I know Senator Conway again has a proposal that would be much less expensive than that, I believe about half the cost, and I think we need to look at that. And if we can adopt something like that, the replacement revenue is going to be less and we are going to have a package