

state tax rolls, and there is a benefit there. The third thing I would point out, I have heard a number of people make the argument that, well, livestock are really different because they are both machinery in the legal sense of something used to produce other items, but they are also inventory because you eventually sell them. You will buy breeder livestock, and after it has used up its useful life as breeder livestock, it is then sold and the salvage value is returned and the animal goes off to the happy slaughter yards, and it is sold as meat then, at the end of that, and for that reason because it is both...it is both machinery and it is inventory and it ought to be treated different. Very few items that are of the nature of personal property equipment and machinery...

SPEAKER BAACK: One minute.

SENATOR WITHEM: ...they are usually treated the same way. I will buy a copy machine. I will use that copy machine until either the copy machine is no longer working, or it has used up its useful life and I need a bigger and better one, and then that copy machine doesn't go away. I will end up usually selling that also. I end up selling my car after I pay personal property taxes on it. The most items that are of a machinery nature are, in fact, ultimately sold. That doesn't make them inventory, because as I understand the tax code, there is a concept called the rule of first use, and if your first use of an item is not to hold it for resale, that isn't the reason you purchase it, that is not the reason I purchased my copy machine, that is not the reason the breeder livestock was purchased, the first purpose is to use that to produce income.

SPEAKER BAACK: Time.

SENATOR WITHEM: And so the rule of first use is applicable in this case and it ought to be continue to stay on the tax rolls.

SPEAKER BAACK: Thank you, Senator Withem. Next speaker, Senator Conway.

SENATOR CONWAY: Thank you, Mr. Speaker and members. I rise in opposition to Senator Hefner's amendment. I think, and as Senator Withem aptly pointed out, that without question, Senator Moore alluded to as well, that the adoption of this amendment without question would blow a hole into the LB 1063 and its constitutionality that a 4-R train could drive through, bigger