

questions. I don't know who to ask and I guess I will start, Senator Warner, maybe you can answer a couple of questions that I...I have been listening and now I got confused. Is this saying...I guess my first question is, and it is not directly to do with depreciation, but if I buy...I had a call last night, a neighbor bought a 44-40. He saw one sell last week for \$25,000, and one this week for \$15,000. Now will each one of those be able to put that on their depreciation schedule as what they paid for it? I want that answer recorded if I...

SENATOR WARNER: Yes. Am I on? Yes.

SENATOR WEHRBEIN: Okay, so even though there is a 10,000 disparity between the values, that person putting that on the depreciation schedule will be allowed to use that?

SENATOR WARNER: Under all conditions, what the individual pays for a piece of equipment is, in fact, its value when it...particularly when it is obviously at a hand's length transaction, such as an auction, right.

SENATOR WEHRBEIN: Okay, thank you. Then the other thing is, as I interpret this, is we start into this, if I have got...let's use the old 44-40 again. For those that don't know, it is a John Deere tractor. You got a...if you have had it on three years and we start into this January 1st of 1992, is this...does this statement in here say that you will start and have to recover previous depreciation for Nebraska's purposes...

SENATOR WARNER: When?

SENATOR WEHRBEIN: ...and for the next five years, or do you take it off of the depreciation schedule as you have it on right now?

SENATOR WARNER: No, you would initially start with the basis of the state depreciation schedule of the purchase price that you used federally and the date, and apply that to the state depreciation schedule, which in most cases since agriculture is on 150 percent, it would be the same as what you have done. But if you were, and it slips my mind the other option that you'd have, in agriculture has for depreciation, it could conceivably be different. But the answer to your question is that you would use, as across-the-board thing, you would use your purchase price, and the day that, if it was three years ago, apply the