

page 4, and let's presume for the time being, that the tax commissioner or his office or his employees, are the ones who are going to issue the warehouse receipts, if there are warehouse receipts. We're going to take the full responsibility to see if there are any tax evasions which are possible and whether it possibly should be of a considerable extent and could rectify into a considerable amount of money. On line 21, you have, not you, but the bill, has a penalty of \$1,000. Now in view of the enormity of the amount of the taxable material, in any form, is it your judgement the \$1,000 is sufficient. In my judgement it is not.

SENATOR BURBACH: Senator Carpenter, I believed your are referring to page 4, that is the old language and this would refer to, refer to the Railway Commission and this is the way it has been operated and I know of, I've heard of no discrepancies, whether this was sufficient or not and I can assure you that we of the committee, did not ask that question to see if there had been any, any evasions, but to my knowledge I've never heard of any.

SENATOR CARPENTER: Well of course you are familiar I presume as a matter of public information available always, of the tremendous amount of tax avoidance and stealing in the areas of other States who operate on the same basic principles. I can recall some man in New Jersey or some place who was supposed to have a tank full of oil. He ended up with a tank full of air and it resulted in millions, and millions of dollars of loss and I would presume that when the Governor considered these bills, if he did, or upon the advice of whether he ought to consider, whether the bond is sufficient to protect the State, and the local subdivision of Government from any damage that could happen.

SENATOR BURBACH: Senator Carpenter, I was just asking Mr. Kelb of the revenue department. They file a bond under the railway commission operation of public warehousing, with a \$1,000 and he knows of no discrepancies in the State. I asked him the question if he had reasons to know of any and he says no he did not because it was under the supervision, under public warehousing, under supervision of the railway commission and they have never alerted them to any short comings or misdeeds in the public warehousing field.

SENATOR CARPENTER: But are they, the tax commissioner going to act in conjunction with the public service commission or are they going to do this on their own? I understood that we were separating this from the public service commission.

SENATOR BURBACH: Senator Carpenter, let me, let me repeat myself. Those who wish to hold themselves out as the public warehouse, will operate under the statute as we've had on the books since 1965 who will take other merchandise in. Those who want to store on their own premises, it will become the responsibility of the State tax commissioner to audit to supervise, and to watch for the evasion of taxes in this area, if any may or may not occur. So there is a two warehouse applications with the passage of 534, that public warehousing, those who hold themselves out for storage of other commodities, Norden laboratory for example, which is a pharmaceutical, or veterinarianian group, they must keep their items refrigerated. They do not want to have their items, their merchandise mixed with others. They do not want to take in, let's say, machinery or pipe or what ever it may be, they want to continue their own operation as they have the equipment to do so. This will provide for anyone