

the issue is one of equity and that's the only way to explain it, is that the rental inventory is now subject to double taxation, that that falls within the household equivalency definition. Again, it's merely a way to address a problem that right now continues to be dealt with in a different manner from county to county, depending on the assessor. In some cases, there is no assessment made at all. It is considered business inventory. In others, it's paid on a lump sum valuation, depending on the determination by the shop owner, and in others it is assessed very closely and it is following...they are following the letter of the law. I believe that the problem is that there is a misunderstanding as to what the law actually is. What I hope to do with the amendment is clarify just what business inventory is and what is subject to personal property tax and what is not as it relates to this special arrangement that involves rental or leases of equipment. It is, as Senator Chambers pointed out and as Senator Landis and Senator Warner, those who oppose it have also pointed out, it is a gray area that we have not dealt with all that often. It has raised its head a number of times. The Helvey case has been the one that has been the test case for this issue, but intervening things happened with regard to changes in the Constitution and also the personal property tax cases that came down that shifted, I guess, the issue based on what the law was at that time. As I look at it, the argument for me is one that looks to the issue of double taxation. Do you collect an inventory tax or personal property tax on business inventory? And then at the same time that you sell it, and you sell a portion of that property every time you rent it out, collect a sales tax. To me, that smacks of the argument that we had with regard to inventory that no one, myself included, wanted to tax when we were dealing with the whole personal property tax issue. I think the arguments were, at that time, that personal property inventory made up roughly 50 percent of the total revenue base there. When you exempted inventory you wiped out half the slate, so you had a very narrow window to deal with. I think, when we exempted inventory, we meant to exempt these kinds of things. We just didn't get it right in terms of the definition. The department, basically, applied their rule and reg. I guess I would argue it's not that unsimilar from the issue we dealt with in the previous bill, the original LB 1087 that was Senator Coordsen's bill that changed the sales tax provision as it relates to services. But what has to happen here is I believe some clarification of the issue of what business inventory as it relates to rental sales. And I think that the rental equipment