

imagination but I do think that it would very likely have the effect of breaking down the percentages to a 75/25 which the settlement for past taxes due and owed was based on. It really, I don't think, has any, I guess, detrimental effect on the legislation if you leave it in or if you take it out. And, to be quite honest with you, the railroads brought it to us. The department, at one time, had no problem with it. Now the department says, well, we prefer it be out, as do the railroads. So, I mean, at this point in time, I'm thinking that I probably will support Senator Warner's amendment although I do think that there is a real question as to the fact that the settlement issue and the book value percentages will come into play at some point down the line with litigation. Thank you.

PRESIDENT: Thank you. Senator Haberman, then Senator Schmit. Okay. Senator Schmit you're the last light.

SENATOR SCHMIT: Mr. President and members, Senator Hall, I have a question, please. Senator Hall, have the railroads paid any of the disputed tax, the '87, '88 or '89, do you know?

SENATOR HALL: I do not.

SENATOR SCHMIT: Senator Warner, do you know if they have paid any of those taxes?

PRESIDENT: Senator Warner, please.

SENATOR SCHMIT: Have the railroads paid any of the disputed taxes, '87, '88 or '89?

SENATOR WARNER: It's my understanding that it has not yet been done although they are waiting for the...if you're talking about the case that's under litigation, I think until it's approved by the court then at that point they would be paid, if you're talking about the settlement.

SENATOR SCHMIT: Okay, thank you. It's my understanding now that the court said they don't have to pay any taxes. They are totally exempt. Is that not right, Senator Warner? Well, let me continue. As I understand, the court said they didn't have to pay any taxes. They negotiate an agreement at some stage of this process where they would pay 75 percent. If this amendment is adopted, I believe that the railroads do not need to abide by the 75/25 agreement. They are back to square one and they can