

that would still retain the definition of being an income based formula, because it does inject the market value into the formula. What you do is you start out with the manual, the ag land manual figures, and that's divided by the net earnings. Okay. Net earnings gives you basically the third factor. And the third factor is the market derived cap rate. The market derived cap rate, in this case, is 1.25, or 25 percent for this year. And then you take that, and that gives you the adjusted value. What that does is the market derive cap rate basically shoves that market factor into the formula so that the issues that were raised in the Supreme Court case are tempered, if you will. So, in other words, you can use the net earnings, in terms of the income formula, you use the manual, which takes into consideration the various types of ag land and the classifications that are out there, and then you use the market derived cap rate, or the 25 percent, and you use it uniformly across all the various types of property, all the classes within those types, and you come up with your adjusted value. And that's a formula that brings you, frankly, to 80 percent of market. It is a roundabout way to get to 80 percent of market, but it does that, and it does that by not ignoring the market and not ignoring the income producing value, the net earnings value of the property that is being classified. One of the principal issues here was the issue of using a flat, or a consistent cap rate across all classes of property. That was the one question that everyone had to deal with, and the committee, I think, struggled with, looking at people who had been involved in the ag land valuation issue in the past, who had worked on it, worked with Senator Landis and his committee when they developed that, and it was the, I guess, the one aspect that had to be adopted in order to recognize the market value formula, if you will, in this income generated system of valuation. So what you end up with is 80 percent of market for each classification, and the classifications within...the intraclassifications within those classifications, various ones like grassland, irrigated, dry cropland, whatever, you do achieve that uniformity with that cap rate that ties it into the issue of market. That, although it was difficult to come to that conclusion, for those who felt that various cap rates was a fairer way to deal with this, could not be ignored, and I go back to my earlier comments about that if this issue is...or this formula is going to stand up to constitutional attack, that it's in the best form possible to do that with the standard market derived cap rate that stretches across every class of property. Really, all we do with the balance of the committee