

argument. I think it makes sense. We've got a tax base there and I think we ought to maintain it where we can. We ought to provide economic incentive by exempting the sales tax on machinery, farm machinery and business machinery. We ought to provide that...that incentive. But, also thirdly, I think we need to look at closing the loopholes that exist in the area of sales tax. And I think another red herring in the sales tax and service area is the whole idea of calling these things services. Some are services, some are transaction taxes involving products that maybe not...that maybe ownership doesn't change but actual hard goods are treated or produced and that's what we're...that's what we're taxing.

SPEAKER BAACK: Time.

SENATOR ASHFORD: So that's my proposal and I will have a written version of it at some point but I just wanted to put it out there. Thank you.

SPEAKER BAACK: Thank you, Senator Ashford. Senator Rogers, are you here? I still don't see Senator Rogers. Senator Hall, you're next.

SENATOR HALL: Thank you, Mr. Speaker, and members, the proposal that Senator Johnson puts forth with the one-cent sales tax would...it would be easy to support. It would be a quick fix. It would allow for revenue to find its place back into 1120. The problem is that it just magnifies the problem that's currently out there and it runs counter to what the whole idea behind 1120 was and that's to expand the base. It takes a narrow sales tax base and compounds that by putting in place a 20 percent increase in the overall rate, state rate. You add that to whatever local option there might be and it puts the State of Nebraska, at least in some of its municipalities, some of its cities that have that local option at the very top end in terms of sales tax rates as they compare across the Midwest. The other issues that were mentioned earlier that, I guess, I would like to go back to when I was speaking on Senator Will's time, the whole issue of treating personal property tax the same that was alleged under the 3-R proposal, I guess I don't really understand that. What it does, again, is create an exemption. Under the old personal property tax system, prior to 1991, what you had was a self-assessed personal property for business equipment. It says that you have business equipment, you pay personal property taxes on it. You tell us what it's worth and