

had some reference to the constitutional amendment, an amendment that will be offered to it, which tightens it up and reduces the flexibility that the Legislature would have in the future as to how personal property would be taxed. And it essentially limits to three ways. It permits market value as the law now is. It will permit this net book value, depreciable value, or exempt. It does permit personal property to be exempt. However, it would have to be exempt by a class that was defensible both under the...from the court's position as well as the Fourteenth Amendment position of the federal Constitution and essentially it would not permit the little bits and pieces of exemptions that some people worry about that might be politically inspired. But I think it would be significant protection to the public as a whole that we would not again go down the route that some perceive that we have in the past. Finally, it also,...

SPEAKER BAACK: One minute.

SENATOR WARNER: ...if adopted, it will have an absolute record of that property that is...a refund is requested. Because of the certification of the depreciable personal property, it would be taxed one way or the other, either sales tax or depreciable, would not exclude...would not escape any tax at all. Finally, that on production agriculture, the energy tax, a question was raised, what does that apply to? And, again, as I indicated earlier, that production is production ag. Essentially, it's the purchase of all energy, whether it's electricity, diesel fuel, gasoline, propane, natural gas, that is not currently taxed as motor fuel and that is where the 1.25 percent sales tax would be applied and that is not a difficult one to administer because, by and large, those all go into (interruption)...

SPEAKER BAACK: Time.

SENATOR WARNER: ...and are separated now, as a matter of fact, because of the tax on motor vehicles or the fuel tax for motor vehicles. And, finally, the chance of having everything go back on and the issue of inventory and how the small merchants are going to be hurt. I had a letter from a small merchant.

SPEAKER BAACK: Time, Senator Warner.

SENATOR WARNER: I will continue later. Thank you, Mr. President.