

FRESIDENT MOUL: Thank you, Senator Hefner. Senator Schmit.

SENATOR SCHMIT: Madam Chairman, I have a question of Senator Warner. Senator Warner, the principal argument around the personal property tax issue for the last several years has centered on the argument that similar items of property were not taxed equally or, in some instances, not taxed at all. We will have, of course, the same problem in this instance, but on line 16, page 1, of 3246, strike the word "actual" and insert the word "taxable". And is it your understanding that the taxable value is the value of a piece of property at which it sells to any individual person? Is that right?

SENATOR WARNER: Taxable value will be the value which...for which you are using as a basis for your depreciation schedule. If we're talking about a piece of equipment you bought, it would be initially the purchase price and then each year, depending upon the life cycle of that piece of equipment, it would be reduced on an accelerated depreciation schedule of 150 percent.

SENATOR SCHMIT: All right, then suppose that I buy a combine for \$100,000 and Senator Lowell Johnson buys one for \$90,000, an identical combine, and Senator Coordsen goes to Kansas and buys one for \$85,000, will each of those identical pieces of equipment have a different taxable value? And, if so, what will the court say if I challenge Senator Coordsen's taxable value as being unfair to me?

SENATOR WARNER: Yes, they would have a different taxable value because that was based on purchase price and I think there is a long history of court cases that...that value can be determined by the willing buyer-willing seller concept. As you may recall, Senator Schmit, even under the old system, when we used to have a schedule that each precinct assessor brought around and told you that a Model H tractor was worth \$1,200 for tax purposes, you could then, if you bought yours at an auction in the last week in December and was on the tax rolls January 1 and you paid \$800, you didn't have to put the 1,200 down, you could put the 800 because you could prove that that's what you had bought it for. What most of us did was always put the 1,200 down because we knew it would never be checked or never be...well, it could be checked but it would never be penalized because we used that schedule. Legally, you could have used the purchase price.