

I have title to, few as they are, that I would leave off the schedule, that it is purely unintentional, it is not intentional and let that be my defense because that will be all it's good for when you go before the Board of Equalization or the county assessor. I guess I have another question and it's along the same line as the previous one and that is the matter of trades. If you trade a...if you trade one tractor for another and you have an \$80,000 tractor as a new price, and you trade in a \$40,000 tractor, then I would assume that the depreciable value would be the \$40,000 that you pay in trade. Is that right, Senator Warner?

PRESIDENT MOUL: Senator Warner.

SENATOR WARNER: Yes, I'm sorry.

SENATOR SCHMIT: The question, Senator Warner, is when we trade...when we trade pieces of equipment, if I trade a \$40,000 tractor for an \$80,000 tractor, the depreciation will be \$40,000 and the taxes will be based, not upon the \$80,000 new price but upon the amount of the trade. Is that right?

SENATOR WARNER: The purchase price plus if you had any depreciable...any basis to carry over from the piece of equipment that you are trading that had not yet been depreciated out.

SENATOR SCHMIT: But if that item had been totally depreciated out, then the \$80,000 tractor would be depreciated on the basis of the 40,000.

SENATOR WARNER: If the...if...I'm not sure if I...let me answer what I think your question is. If the piece of equipment you are trading has been depreciated out, then your new basis for depreciation would, in fact, be the purchase price or the difference which you paid for the new machine and what you were allowed for on the old machine, yeah.

SENATOR SCHMIT: And that would be true regardless of the fact that, first of all, a new item of equipment or an item that is being purchased can vary considerably in value, number one. Number two, the tradeable item, although each might be a 1982 model of a piece of equipment, that could be worth much less than an identical make and model and that both could have been depreciated out totally, so, notwithstanding that fact, one