

under this provision, that an individual should purchase equipment outside the state, ends up obviously on the depreciable schedule. They did not pay the use tax. The state comes to those individuals, require them to pay that use tax as they would now if they discovered it. The way the bill is drafted not only do they have to pay the use tax, but they are also denied, denied the ability for refund because of it being on depreciable personal property tax and I think it will be a significant help on the border areas of the state for a problem that we have long discussed. The other basis of the amendment, and one which will be true now of everything that is left, is how we can address this issue without an adverse impact upon the General Fund. And that's the other reason for the 80 percent refund. By doing that we are going to be making up the impact on the General Fund by 2.9 million of the 14.6 million that will be lost because of the exemption of sales tax. If we were not in the position that we are in the General Fund, I could be supportive of the full refund, but the situation being what it is, there is no alternative that I can see other than trying to make sure that the General Fund is held harmless and this will contribute in part to that, together with the other amendments, to being assured that that will be the case. I think it is a reasonable approach to avoid the issue of having both a sales tax and a personal property tax on this equipment. The way it will work is that during the course of a year, say the year is 1992, you purchased any farm equipment, you would pay the sales tax at that time as we do now. By May 1 of next year, assuming the legislation is enacted and the constitutional amendment is approved, by May 1 of 1993, that would be the deadline for having filed personal property tax with the county assessor as depreciable personal property. You would have a certification that that piece of equipment was on the depreciable personal property tax roll. You would submit that to the Department of Revenue, applying for the 80 percent refund which then the Department of Revenue would return to you the amount of 80 percent of the sales tax paid on the equipment. That tax on that piece of equipment would not become due until December 1 of 1993 so you are, in fact, receiving a refund back prior to the time that you have to pay the personal property tax. It's accurate to state the Department of Revenue under existing law has 180 days to make refunds before they have to start paying interest, but I would anticipate that those refunds would be much more prompt than that for the simple reason that it occurs after the bulge of the workload that comes with filing of income tax and those related refunds that may be required there. As