

proportionately, or the large retail chains that have extremely large amounts of merchandise sold and have a small amount of real property to pay tax on.

SENATOR WEHRBEIN: Okay, thank you. So, how would this relationship be to a sales tax? Are you proposing that our sales tax would stay on as it is and this would be an addition, mostly in place of property?

SENATOR ELMER: In this, you have to realize, too, that this bill that is being proposed here would replace...that would essentially replace 1063 is designed to be the least disruptive in administrative...administrations and in other methods of collecting taxes. So it is a straight 1/2 of 1 percent of gross receipts that goes directly to the root of the property tax problem, and every penny then would be property tax relief. The other taxes remaining in place, then, keep the rest of the balance in place. Income tax, there is a value...there is a reason to have income tax. There is a reason to have some sales tax. There are good reasons to have some property tax. The user taxes, such as motor vehicle, fuel tax, and those types of things are fair. The sin tax, of course, you would say that should go to mitigate or alleviate the sin, but on the other hand, the more tax you put on perhaps reduces consumption. So there is a place for all those taxes, and this is...and I will address some more of this in the close, so that you have more time.

SENATOR WEHRBEIN: I have a couple more questions, just to understand the mechanics. If I sell a load of cattle, it will be a deduction off of that by the packer, right?

SENATOR ELMER: If you sell...

SENATOR WEHRBEIN: I will pay it.

SENATOR ELMER: If you sell a load of cattle to the packer, say you get \$50,000 for that. Well, you'd owe \$250 on gross receipts tax...no, is that right?

SENATOR WEHRBEIN: Probably 25.

SENATOR ELMER: \$25 in gross receipts tax on that \$50,000 sale. Now recognizing that the packer is going to have a half a percent when he sells it to the retail chain, you probably would