

Senator Hall specifically, if I understand your comments correctly, it is that because the different kinds of depreciation are not a problem within federal income tax, therefore, it is not a problem in 1063 and the difference of course is that the provisions of a federal income tax is a totally different issue. You're attempting to transfer a federal income tax provision and put it into a state personal property tax provision and that's where you create the inequity within the state's personal property tax division, not because of the federal income tax may be treating things differently and, as a matter of fact, when you look at many of the federal income tax provisions as they affect different businesses, there are a variety of businesses that are treated differently under federal income tax and there is compensating other offsets that a business or an individual can use that, at least in theory, ends up with a level of some type of prescribed equity within the system. The problem lies in trying to move, as you would with this amendment, to move those inherent provisions in the federal income tax over to the state personal property tax and the, if you read that first paragraph, the last line it would result, the adoption of this amendment would result in identical properties could be subjected to grossly different tax burdens and that's where I said that maybe it's a Fourteenth Amendment problem as well, or certainly it could be a state tax problem because of treating property in a like class differently. I can't urge too strong to reject this amendment because it will create numerous problems for the citizens across the state in lack of any kind of comparability between different taxpayers.

PRESIDENT MOUL: Thank you, Senator Warner. Senator Hefner. Does anyone else wish to speak to this amendment? Seeing none, I will recognize Senator Coordsen for closing.

SENATOR COORDSEN: Thank you, Madam President, members of the body, run through several things quickly in closing, a recapture of taxes relative to the 179 deduction of whatever. It's a common fallacy that somehow or the other people make money with depreciation. Not really true. Whether it's a 179 or whatever mechanism of depreciation is used, if you sell a piece of business property, farm property that has been depreciated or any other mechanism allowable to use, and that sale price is greater than what its book value is, whether the book value is zero or something more than that, then you pay income taxes on it, federal, state. In addition to partnerships or private individuals there is also social security taxes due on that if