

**SPEAKER BAACK:** Senator Wickersham, Senator Schmit has yielded his time to you.

**SENATOR WICKERSHAM:** Thank you, Senator Schmit. Again, I wish to state for the body that the main issue as far as I'm concerned with the amendment that I have brought is the taxation or the failure to tax inventories and the effect that would have on the valuation of railroad property for taxation. I do not believe we will discriminate against railroads if we continue to exempt inventories. My amendment is brought for the purpose of keeping their property valued in somewhat the same fashion as we would value any other property in the State of Nebraska if we continue to exempt inventories. I am afraid, quite frankly, that if we are forced to reduce the valuation of railroad property because we are exempting inventories, we will eventually be forced to reduce other property for the same reason and it will become a self-perpetuating cycle. The structure that we have attempted to develop in 1063 will eventually fail and we will be back with no tax policy in the State of Nebraska if we pass the main amendment without my amendment. I am very concerned about that process. We have worked hard enough, we have debated long enough and we have reached what can be a workable solution if we do not tinker with it as is being proposed in the main amendment. My amendment will save the situation and I urge your adoption.

**SPEAKER BAACK:** Thank you, Senator Wickersham. Senator Warner, you're next.

**SENATOR WARNER:** I kind of want to respond that I do not believe that this carries on to other property. The constitutional amendment that is pending CA 1 was written very specifically to recognize the federal supremacy of law or Constitution so that to the extent that it affects what tax policy of the state that it can have, it does not then carry over onto other areas that are not covered by the federal supremacy and I do not believe that that's the case. I should also point out under the unit value, certainly the Department of Revenue can use other calculations for review and if it turns out that there are other methods which they do not plan to do now, but sometime in the future, that certainly could be recognized by court, by legislation and I should also point out that other alternatives which could be used would not necessarily bring a higher tax return. They may or may not, depending on how the calculation was done. I'm of the opinion that if you adopt the Wickersham