

worksheet and went to the deputy assessor and completed the evaluation form based upon a manual that was provided by the Department of Revenue. Insofar as the second part, which was brought to me a number of months ago by concerned individuals, and when I say what I say I do not fault the Department of Revenue, because I believe based upon the language of the currently existing 1063, and reflected by LB...that we are moving this morning, LB 1, that they made as good a determination as they can. But their determination that sales tax costs be included in the base cost for property tax on the part of those people who own income producing personal property that is depreciable is...arrives...puts us in a situation that does not result in equitable treatment of all of the different income producing personal property tax people in the State of Nebraska. An example that I might use would be that if, in the year 1992, today there were four taxpayers, four business people went to a place of business in the City of Omaha and each purchased an air compressor for \$1,000. The body shop that was domiciled within the City of Omaha would, based upon the Internal Revenue Service Code, have a book value, for personal property tax purposes, of \$1,065. The body shop that was located in a community that did not have a city sales tax, had the air compressor delivered to their place of business, would have a book value of \$1,050. The farmer who, because of 1063, is entitled to a full refund of the taxes paid, would have a book value, in that particular case, delivered to his place, of \$1,000. And then there is again the additional treatment that I'm not exactly sure of the technical aspects for those purchases made by 775, under 775 contracts, which might include this same type of equipment. In addition to that, if someone from another state bought that identical machine in another state, established a base value for federal tax purposes based upon that state's tax system, then moved the equipment to Nebraska as a result of all of our economic development activities, their base for Nebraska property tax purposes would become the federal tax cost, which would be the original cost, plus the applicable state sales taxes in the state in which it was purchased. I think to address these concerns and to bring fairness, equity and uniformity, we should reduce...provide for the reduction of the base that is used for federal tax purposes by the amount of the sales and use taxes that are paid on that particular piece of income producing equipment at the time of purchase. Sounds a little complicated, it really isn't. The net effect would be a very, very, very minute...