

fact that it discourages investment in Nebraska, it discourages investment in Nebraska. It penalizes those who would create jobs, who would develop economic activity and replaces that with a forgiveness of those who are content to invest in intangibles, or to put their money, whatever might be available to them, in some other source of money. That if you save money up, then you pay no tax, but if you borrow that money, pay the interest on that money, then you are also taxed on that if, in fact, you purchase with that income-producing property, which in the definition of 1063 certainly includes breeding livestock. The intent of 1063 was somewhat faulted, I hesitate on the floor of the Legislature to lapse into my hog pen language, but that is my considered opinion that it will be extremely dangerous to the state. Now to move just a little bit further into this livestock issue. LB 1063 provided to the business community of the State of Nebraska certainly what some of us tried to share with you on the floor, and most did not care to recognize, in that the shifting of the method of valuation for business held income-producing property was going to result in a lower tax being paid. So there was a benefit for the business community in 1063, from all practical purposes, and certainly from a pure dollar standpoint. Then we moved into the farm equipment, and there was an effort there to blunt the impact of the tax, the property tax on farm equipment. Up until the passage of 1063, those who purchased farm equipment were, in fact, paying a sales tax on that, that amounted, in recent history, to 5 percent of the original cost. There was a...certainly the repeal of that and then the addition of some additional taxes to blunt the impact of the additional personal property. For the livestock producers I would remind you that they had, for some 20 years, had neither the sales tax, nor the personal property tax to pay on that type of what I would consider to be certainly inventory, whether it's feeder livestock, whether it is breeding equipment. I have heard rather faulted arguments on the floor trying to establish a relationship that they were, in fact, different classes of property, which I do not believe them to be. The net result then of 1063, LB 1 in its current form, is that there is one class of taxpayer, one class of taxpayer only that I'm aware of that has found an exact, pure shift to them of the support of local government that might more properly be served...shared by all of the people that live in that taxing subdivision, and those people are the people who have purchased and will purchase breeding livestock. The very effect of the size of that tax, which can amount certainly to as much as \$15 per head in certain taxing subdivisions on an original purchase of cattle, and may