

in fact be some less, some more than that, in most years that particular tax then approaches 50 percent of the net.

PRESIDENT MOUL: Time, Senator.

SENATOR COORDSEN: In the case of intangibles, it would be the interest returned; in this case, it's the net income on the calf that is sold from the purchase of the breeding cow on an annual basis. It is not a good tax, it is not a fair tax. Whether it is taken off in the special session, or in the next regular session, it is imperative that that inequitable situation not be allowed to exist for any longer period of time than what it is possible to do so under the burden of the call and the support of the Legislature. So, at this time, I stand in support of the Lamb amendment. With all of the problems that it may cause in the system, it is still the right thing to do. Thank you,

PRESIDENT MOUL: Thank you, Senator Coordsen. Senator Wickersham.

SENATOR WICKERSHAM: Thank you, Madam President. I think some of the rationale for exempting livestock has already been discussed, and that primarily is the inequity between those people who operate their cow-calf operation by raising their replacement stock, and those who purchase their replacement stock. But beyond that inequity, I think there are other reasons for exempting breeding livestock from taxation in that they do not purely fit our traditional notion of what is depreciable, because, in fact, breeding stock are really held for two purposes, they're held for production, and they are also held eventually for consumption, which is a traditional test that we would otherwise employ for inventory. They, once they have used up what we would consider to be their productive life, are resold and consumed, and, quite frankly, they are often sold for nearly what they were purchased for. So there has, in fact, been no decline in their value or their usefulness for consumptive purposes, even though they have used up their productive life. That is different than any other category, that I'm aware of, of property that we would normally consider to depreciable. If you wear out a piece of machinery, you don't sell it for some later consumptive use. It goes to perhaps the scrap heap, perhaps it gets recycled, but it is not sold to somebody else for a consumptive use in the way that livestock are. So at the very base, at the very fundamental level they don't fit what we consider to be a traditional test of