

change in terms of breeding livestock. Then it would be...and then your representation would be accurate.

SENATOR ELMER: I can't quite follow that logic because the local tax base is what the tax is levied on and we're not changing the local tax need, nor adding or detracting from it by changing the breeding livestock. And I would hope that you might explain how it would affect the state as to what it's going to be paying to local subdivisions in aid. And I will put my light back on to talk about this a little further.

PRESIDENT MOUL: Thank you, Senator Elmer. Senator Hall.

SENATOR HALL: Thank you, Madam President. In response to Senator Elmer's question, the hypothetical that he uses, the issue of how it would affect the state lies in the fact that, as I stated earlier, we paid out the \$97 million in state aid that would be reflected in whatever the value dollar figure might be for breeding livestock. So, in other words, that's dollars out of the state's pocket, if you will, to local subdivisions in the form of aid. Now in terms of is breeding livestock as personal property a local tax? The answer to that is absolutely yes. The portion of that...of what it makes up at that local level, depending on what jurisdiction you're in or what subdivision or subdivisions would depend on, of course, the area of the state and I would not necessarily argue with the figure that he uses of 90 percent of it being agriculture, although I would harken to guess that there are a number of areas where that figure might be quite a bit high. But the issue is one of how does the equation boil down and if we had not paid out the \$97 million and chose not to, in essence, refund the local subdivisions, Senator Elmer's representation would be absolutely true. The value at the local level, the base, would not be increased. So Senator Elmer is right when he says the base would not change. That is absolutely true. The rates would have to change, more than likely, unless you're going to assess the entire subdivision at the local level, reassess it. But what you would have to do in order to make up whatever dollar figure breeding livestock represented at the local level that fell out on the state side in terms of state aid to that local subdivision, it would have to...there would have to be an increase, probably slight, but there would have to be an increase at the local level at the rate that would be paid on that base of both personal and real property. So there would be an adjustment, there would be an increase at the local level to make up for