

state, more and more users of veterinary products are finding it worthwhile to form buying cooperatives. We are seeing more animal care products purchased in large volume from out-of-state wholesalers, retailers, and mail-order companies. Today a higher percentage of animal health care products that producers use are available without prescription. Veterinarians, who testified on my bill, estimated that 20 years ago, as much as 80 percent of veterinary medicines purchased were dispensed in a client-patient relationship, and 20 percent purchased at retail. Today the numbers have been reversed. As much as 80 percent of the products used by producers can be purchased over the counter. In other words, a smaller percentage of veterinary supplies do not necessarily need to be purchased from a local veterinarian. I would like to refer you to the handout based on producers' surveys conducted by the American Veterinary Medical Association. The handout compares producer responses from '85 and '93 as to where they purchased animal health care products. As you can see over that eight year period, the veterinarian and feed dealer share of sales of these products have dropped while mail order and other purchases have increased. Finally, I want to explain to you how the fiscal note was reached because I believe the actual cost will be considerably less. The estimate is not an exact accounting of the sales tax collected on the items exempted under LB 106. In other words, the Department of Revenue can't just check its records and get an exact figure for the amount collected from sales tax on veterinary medicines. Rather, the expenditure is estimated by using the estimated dollar value of veterinary costs per animal in the crop and livestock budgets published by the Extension Service. That figure is adjusted for the percentage of that cost, which represents veterinary service. In most cases, they use .8 percent as being medical supplies, and .2 percent veterinary service, and I even have some argument with that. I think it would be closer to .5, about a half and half. That figure is adjusted for the percentage of the cost which represents veterinary service, which I stated is .8, in most cases, and then multiplied by the number of animals in each category estimated by Ag Statistic Services. Finally, the sales tax rate is applied to arrive at the final estimate of the amount of sales tax collected which would be foregone if LB 106 were enacted. Although I don't dispute the method used by the Fiscal Office and the Department of Revenue, in the absence of actual data, I believe there are possible errors which overstate the cost. The three main ones being, one, that veterinary costs per animal were based on selected producer records, and UNL