

needs to be looked at and considered seriously and I would certainly urge and encourage support of Senator Beutler's amendment. Thank you very much.

PRESIDENT ROBAK: Thank you, Senator. Senator Withem announces that the following guests are visiting the Legislature. We have 60 fourth graders here from Pawnee Elementary School in Omaha, Nebraska, and their sponsors. They are all in the north balcony. Will you stand and be recognized, please. Welcome. Senator Warner, your light is next.

SENATOR WARNER: Madam President and members of the Legislature, I would like to expand a little more on the past policy and they brought up to me now some of the written material that we used in the committee which I didn't have in my...before me when we started the discussion. But there are some historical tax policy recommendations in part in which the guidelines that were used were built on and went clear back and I acknowledge that we have not consistently, in every instance, obviously, in the past, followed these and you can point that out. But way back to the McClelland Report that was completed in 1962, among the items they had in that that business input should be exempt for the reason of avoiding pyramiding. I mentioned that earlier, the avoiding of pyramiding. The so-called Syracuse Tax Study of more recent vintage also pointed out that these business inputs or that sales tax exemption in this area should be broadly exempt, not appropriate for taxation or listing as a tax expenditure on these business inputs. And we have been using the word "component parts" which is true in or accurate part of the time, it applies implies inaccuracy that is not there on some of these. I think it's more of a business input perhaps rather than a...than a component part. But generally sales or taxes are not recommended to apply to inputs used to produce the taxable final consumer product and generally both food and furs remain largely taxable, at least, and at its final consumption, and that's the broad. The other thing I would point out is historically certainly the lines that was quoted by Senator Beutler on page 18, lines 20 and 22, which talks about the ingredient and component parts and then the statutes go on from there to be specifically to define other business inputs that appropriately should be exempt from sales tax as a business input. But because of problems with definition from time to time perhaps those have been historically legislatively determined as to whether they were a business input or they were not. And, for those kinds of reasons, was the justification