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PRESIDENT MAURSTAD: Thank you, Senator Wehrbein. (Visitors introduced.) Discussion on AM1623, Senator Beutler.

SENATOR BEUTLER: Mr. Lieutenant Governor and members of the Legislature, just some comments in response to what you've heard and some balancing of the conversation, hopefully. The argument is made that we should charge all of this to all of the citizens of the state through sales and income taxes because the protection of the environment is good for everybody in the state. And that is certainly true, but it doesn't answer the question of how the citizens of the state should be charged because, one way or another, they are charged for whatever it is we do to protect the environment. They can be charged directly by paying the regulatory cost through sales and income tax, or they can be charged by paying a higher price for a product because those who produce the product are paying fees in order to produce it in accordance with the environmental protection laws. So either way, the customer is going to pay through higher prices or through direct taxation. But, to me, the better way to do that is by associating the cost with the product because, one, that gives you the true cost of a product, and I think that's important to try to do that and not let government interfere with the true cost of a product and, secondly, by doing it through a fee system, you provide an incentive to producers to keep the cost of regulation as small as possible. If you're able to put off on General Funds the cost of regulation, that's not always politically easy but it's politically easier than doing fees. But if you do fees, you're providing the incentive to producers not to cause problems with the environment and, thereby, keep the cost of regulation as low as possible. That same incentive doesn't apply if you're simply putting sales and income tax money into the problem. So I suggest to you that that's the theory and philosophy behind the association of fees and the use of cash funds in other industries whether for other regulatory purposes or for pollution and environmental control purposes, and that that's a very...that is, in fact, the most sensible approach to the whole problem. Now it's true that the pricing mechanism in agriculture is different from other industries, but let me assure you that whoever initiates the price in a competitive situation is still controlled by supply and demand. It doesn't