

current law that it goes on your depreciation schedule and is then subject to the personal property tax. The machine itself might not be because it has already been depreciated out, but the repair would then go on the personal property tax rolls. If you had bought the machine outright, you wouldn't have had to pay sales tax. In other words, if you didn't repair it, you wouldn't have had to pay sales tax. It's only because you repaired it that you paid sales tax and also had to pay personal property tax. Now it wasn't always so and, in fact, it wasn't that way in the year 1992 when we first started taxing depreciable personal property. And in the year 1992 we provided an exemption from the sales tax. I shouldn't say an exemption, a process for a refund of sales tax paid on agricultural machinery and equipment. That refund provision also extended to repairs. So for the year 1992 you could get a refund of the sales tax on repairs to depreciable farm machinery or equipment. In the year 1993 you don't qualify for the exemption that we granted under LB 1. The amendment that I'm proposing simply puts into law the refund mechanism for those depreciable repairs and parts to farm machinery and equipment. You're not automatically granted an exemption. You have to apply for a refund after January 1 of 1993. So you're going to have to show to the Department of Revenue and others that you have qualified repairs and there is going to be assurances that those qualified repairs, that is qualified for a refund of the sales tax, go on to your depreciation schedule. The estimated cost of the amendment is \$412,000. Now you're not going to see an A bill on that. It simply reduces revenues that might be available in future years. Currently we are running behind projections in the rebate of sales tax for the year 1992 on depreciable agricultural machinery or equipment. When we passed 1063 in 1992 it was estimated that we would rebate \$15 million worth of sales tax. Currently for the year 1992 we have rebated only a little over \$11 million in sales tax. I believe that if you ask individuals from the fiscal office that there is currently a belief that the \$15 million was an over estimation for the rebate system simply because some people never apply. We still don't know whether it's a good estimate for the exemption system but it was pretty clearly an over estimation for the rebate system. So all the amendment would do is put back in place the rebate system for the sales tax on depreciable repairs or parts to agricultural machinery or equipment that was available for the year 1992 but was removed for the year 1993 when we went from a rebate to an exemption.