

January 27, 1976

because of the fact that when we listened to the people at these hearings, they all said we want to keep it as close to home as possible. We don't want to deal with a distant administrator, a bureaucrat in Lincoln, so it was deemed necessary to keep our present system, which is to allow the county court in each respective county to set the inheritance taxes and this makes a judicial determination out of it, which because of the fact that it affects real estate, is much more important anyway. Since inheritance taxes as such are a substantial source of revenue in many counties, the Committee did not in this bill, and I stress this because Senator Rasmussen has a bill which will be heard by the Revenue Committee, I believe it is set for, which would change this particular aspect of it as far as the exact rate of inheritance taxes and how they are set, that we did not go into that except for the effect upon jointly owned property and the contribution by spouses. The most controversial items that appeared when we were discussing this in the interim studies concerned the extent to which property escapes taxation. I will go into some of the areas in which the Committee surveyed it. We went into, why not include life insurance which the federal government does, but it was determined that since most of the life insurance policies are paid to the widow or the surviving spouse is beneficiary we would be defeating our own purposes in doing this and we decided to leave well enough alone and not get into that area. Colorado and some other neighboring states have freezing arrangements for bank boxes, bank accounts, things of this kind which we felt was more of a detriment to the settlement of an estate than any help and we discounted those suggested changes. So that, by and large, that is the nature of the background of the study and it was an in depth study and we had many people contribute to it. But the principal features of the bill, now I will try to make this as brief as possible, but it is an extremely important bill. Yesterday, we had well over a hundred people in the galleries wanting to watch the debate on this particular bill but we didn't get around to it but there are many people in the State of Nebraska who are very vitally interested, particularly in this section 2 which Senator Duis and others have referred to which is the principal change in the bill which says that treat spouses as equal contributors to jointly owned property and this is very important and will have a great effect upon the average estate because most real estate, most property is held jointly between man and wife in Nebraska. Some of the other things the bill does, it will clarify the exemption of certain employee benefits, clarify the exemption from inheritance taxation. There has been a question as to certain employee benefits, annuities and that sort of thing are includable. This will clarify that they are not. It would specify that certain blood relatives of the spouse are the same as blood relatives of the deceased which was another thing which judges were having extreme difficulty in determining whether or not the other side of the family was to be given the same privilege or whether you had to go down the blood line. This will clarify that they will be