

eventually passed, but in my estimation, it always bothered me. It hung with me, and my conscience told me that that part of the bill really had a lot of doubtful features to it, and so I followed it since the bill passed in '87. Here it is two years later and I bring to you what I consider a reasonable effort to compromise on the matter. What I think ought to happen is under this piece of legislation to cut off that capital gains exclusion at \$500,000. That is to say if an individual has a capital gain of up to \$500,000 from a company with which they are affiliated, they would continue to have this exemption. But for those individuals who are able to accumulate a greater capital gain, that is to say more than \$500,000, that we ought to expect them to pay the income tax on that additional amount of money. When you are talking about an individual who has accumulated a capital gain of over \$500,000, you are talking about the superrich, the superrich in Nebraska. These are individuals who, obviously, have the assets and resources to do quite well, and have done quite well, and it is recognized under the original LB 775 that these are people we want to keep in the state. I, too, believe that we would like to have these individuals stay in the state, but at the same time to expect these very same individuals to stay in the state and to pay some small fraction of their gain from their work in the state into the state to help fund our schools, and our roads, and our other programs is not unreasonable, in my estimation. These are individuals that are multimillionaires, for the most part. Their capital gain has been part of their assets, but it also recognizes that these are the individuals that have the flexibility and ability to take their income and to do it in a way that is most beneficial in terms of their taxes. What I am talking about is regular Joes like me and most of you in this body, and most of the people in the state, not just most of the people, but 99 percent of the people, probably, in this state don't always have the flexibility that these people do to take their income in capital gains, that is to say that we take our income in income, and we pay taxes on it and we have to, and that is the way the law is, but these individuals have the hundreds of thousands of dollars that they gain in terms of income and other types of remuneration, and in the case of this capital gains, they would be able to take and do take stock from the company that they own, for instance, the company that they are the chairman of, or president of, or whatever, and they get in lieu of income, they get capital gains provided to them. And through this, they are able to shelter their income, although it is all income in my book, it is a different kind of income and