

would have further shelter under this provision, and so these are capital gains that are especially accessible to the high income wealthy individuals of this state. This isn't something that affects the vast, vast majority of Nebraskans. In fact, it is estimated under the fiscal note, as I recall, something like 50 to 400 people would be affected by this on an annual basis. Three to four hundred is what the fiscal note says, but in the hearing, the Revenue Department said it would probably be more like 50. Who knows? I mean at this point we don't know. So it doesn't affect very many people but these are certainly individuals of means, of assets, and now these very individuals are not going to have to pay a tax. Now who does this affect? I don't know who those 50 people are, those 400 people are. I do know a few of those people, though, and there is an article that I sent around that I hope you get a chance to look at. It is from the Sunday Journal and Star of April, 1987, and it talks about how that provision would affect certain individuals; Walter Scott is one, and Mike Harper is another. Walter Scott was estimated to save about \$2.7 million in state personal income taxes under this bill and Mike Harper was thought to save somewhere around \$300,000. Now I don't know whether that is accurate or not but it is, nevertheless, some indication of who we are talking about, what kind of money we are talking about. I am not here to say that there is any particular individual or any particular target of this effort. I am talking about fundamental tax fairness. That is what I think we have to discuss a little bit of today because it is not just with the capital gains issue. You are going to hear the very same issue come back on Friday when the Governor proposes her income tax changes and also when I have some income tax changes and some other individuals in here bring us the issue of our overall state tax policy, particularly regarding the income taxes, because, frankly, one of the reasons I think people are very upset with the tax situation is that they feel, and I think rightfully so, that our tax policy in the last two years has been of great benefit to the very high income and of higher cost to the working person and the lower income in the state. I have passed out a chart from the Fiscal Office that indicates the tax benefit and loss under the tax changes of a couple of years ago, and clearly what has happened is our working people in this state are paying more in income taxes and our wealthy, our superwealthy, are paying less. Now that doesn't even take into account this capital gains exemption. As far as I am concerned, that is a direction I don't feel comfortable with. In fact, it is a direction I oppose. I think we have to recognize ability