

basically no way that we could go after these people when we are dealing with this issue of capital gains. Because we are not talking about a tax that comes while they are in the process of earning this money, we are not talking about a tax that they pay on a regular basis, but you are talking about a tax with regards to capital gains that is at a point in time when they, basically, are at retirement, and these people, because of their extreme wealth, have the ability to move and relocate. They have that ability whether we have LB 775 in place or not if they so choose to do that, should they not want to pay just the basic income tax once they decide to cash out, if you will, with this capital gains provision. So what we decided as a committee was that the 52, as I will call them, because that is what the Revenue Department called them, 52 folks who would be affected by LB 433, would have the ability to just pick up and leave this state, establish residency in a Florida or a Washington or any place where they don't have a capital gains tax or have an income tax, for that matter, and they would be able to, in effect, get around this piece of legislation. There is really no way that at that point in their lives they have to stay in Nebraska because you are not attacking them or you are not taxing them on a day-to-day, year-to-year basis. What you are doing is you are saying at the point in time you choose to cash out, you choose to retire, this tax will kick in, and they have made a lot of money over the years, and with that, they have gained a lot of sense with regards to the taxes that they have to pay, and they have got some people who are fairly sharp that work for them that give them some advice with regards to tax planning, and they know that if it means we have to go to Miami or we have to go to Ft. Lauderdale, we have to go someplace else in Florida and set up residence, we will do that prior to...

SPEAKER BARRETT: One minute.

SENATOR HALL: ...that capital gains kicking in and we will establish a residency. So the committee felt that to put LB 433, although the issue of capital gains as it was discussed a couple of years ago was an important one and I did support I think it was a Senator Warner amendment at that time that would have allowed this exemption for anyone, not just those folks who dealt with the issue or applied and were acceptable under the 775 benefits, but would have been applicable to anyone. I think that that is a totally different issue as opposed to the issue that Senator Wesely presents to us in LB 433. The question of whether or not the capital gains policy should be addressed