

which...or she can forgive the loan, or she...you know, we can pay...you can do a deal, or whatever it is, that people are going to be able to get around this?

SENATOR LINDSAY: If you do a...if you pass a tax law, there will be loopholes. Guaranteed. That's just the way tax law, well, actually any law goes. But in that particular situation, when we're...when we're dealing with tax law, we also have to look past the form of a...of a transaction and look to the substance of that transaction. And you have to question whether a particular transaction is actually a sham, and just intended to evade a tax. And tax law, in general, will look past the form of a transaction. In the case you're describing, that may very well still be a taxable event, simply because it...because, as you say, a deal's been cut. And the deal doesn't have to be...you don't have to tell the tax commissioner you've cut a deal.

SENATOR HORGAN: Right.

SENATOR LINDSAY: Circumstances can lead to indicate that.

SENATOR HORGAN: One other question, then, all right. Let's say I've got \$20,000 in loans and the April date passes, then I raise \$20,000 and pay off the loans. I mean, is that another loophole in this? I mean, I then effectively spent \$70,000 in my campaign, but...

PRESIDENT MOUL: One minute.

SENATOR HORGAN: ...the new money that I got to pay off the old loan is a different campaign.

SENATOR LINDSAY: Sure, playing with tax years, again, there is not much we can do on that that's done, anytime you're doing tax planning personally, you're going to have that. The problem you run into in that situation though is you may not have had it for the prior year, but for the following tax period you have \$20,000 less before the tax kicks in. So at some point, you've got to pay the piper whether its...if you look at your personal income tax thing, either pay it in '91 or '92, but you can switch around between...

SENATOR HORGAN: But if I don't run for reelection, then I'd get away with it. Right?