

CLERK: Madam President, the next amendment I have to LB 1063 is by Senator Wickersham. Senator, this is AM3266. I have a note that you'd like to withdraw that and offer 3294. (See AM3294 as found on pages 1225-26 of the Legislative Journal.)

SENATOR WICKERSHAM: Correct. Please.

PRESIDENT MOUL: Okay, without objection, it's so ordered. Senator Wickersham.

SENATOR WICKERSHAM: Thank you, Madam President. This is an amendment that was originally printed in the Journal at page 1177. The only differences between the amendment now being offered and that amendment printed in the Journal are some line references that changed due to the amendments to 1063 that we adopted earlier. This amendment addresses a problem that I first raised a week ago. That is, what do you do with personal property that is inherited and receives a step up in basis on the date of death? And you remember when I first talked about this we had an example of a small business owner who has a store with a cash register, some shelves, maybe some other personal property that has been depreciated and would be subject to tax under the scheme that's in 1063. If that property has been used for more than seven years, typically, it would be off the tax rolls. But all of a sudden on the death of the owner, it would go back on the tax rolls and I did not think that was a policy that we intended to have. In addition, it can also have an impact on agricultural operators. Let's say you have a herd of breeding livestock and they're all raised. They have never been on the property tax rolls, even under the system that might be enacted in 1063. All of a sudden, the owner dies. All of those breeding cows suddenly become subject to tax under the system that's set out in 1063. I don't think we intend to do that. There are other examples in which you obtain a step up in basis. Those can occur on the dissolution of a corporation, sometimes rarely on the dissolution of a partnership, but again I don't think it's our intent to start the process all over. That property that's being distributed from the corporation, that property that's being distributed from the partnership, that has already been on the tax rolls or it would be on the tax rolls at the time it was distributed. Now, there is another provision in the amendment that I think is important to discuss just a little bit, and that is what happens to property that is gifted or otherwise transferred in a transaction that is not a purchase?