

PRESIDENT MOUL: One minute.

SENATOR WARNER: Are you fairly confident that just a dissolution of an entity or estate are the only two instances in which property is transferred that would be covered by the provisions of your amendment? Is there any other? And the reason I'm asking this question is to try to get an idea, because I don't think anybody can come up with a very hard figure as to what amount, if any, property would be affected if...

SENATOR WICKERSHAM: Well, my specific concern was with those instances where you would have a step up in basis under the federal tax code, so there are, naturally, other kinds of changes in organizational structure, but my concern was specifically with those cases where you would receive a step up in basis because of the nature of the transaction and then would...it would become depreciable property under the definition in 1063. There...

PRESIDENT MOUL: Time. Thank you, Senators. Senator Nelson.

SENATOR NELSON: Madam Speaker, I, too, am not questioning this or Senator Wickersham's intentions and I just wanted to call to the attention of the body there is another...another situation which the basis of the property is not the same, and that is the fact that I could sell a corn planter to Senator Hefner, \$8,000, and that would be then the basis, \$8,000. Okay. But if I sold the corn planter to my son and I maybe had a basis in it of \$4,000 depreciated down, then that basis, since that he is a relative, is not the same as the basis that I sell it to Senator Hefner, and we may be getting into a problem here. In other words, property that is sold to a blood relative does not take the same basis. It has to take the basis that the original owner had, a parent or whoever it may be, so there's another potential concern. I just wanted to mention that to the body.

PRESIDENT MOUL: Thank you, Senator Nelson. Senator Warner.

SENATOR WARNER: I continue to question, if I may, Senator Wickersham, and, by the way, Senator Wickersham, could I ask just on the comment that Senator Nelson just made, under your amendment, if you sold a piece of equipment to a relative then the basis would become that selling price. It would have to be a gift, would it not, in order to transfer the basis?