

language and it may be right. This language is farmer language and I think it will work.

SENATOR NELSON: Could I quote a section of the IRS. Property reacquired by donor from decedent. If an individual dying after 1981 acquired appreciated property as a gift within one year of his death and this property passes to the original donor or to the donor's spouse, then the donor's basis is the basis of the property to the decedent immediately before his death, Code Section 101-14.

SENATOR SCHMIT: That is my conviction, Senator Nelson, and that is why Mr. McCoy said that in the event of my death all the property must be valued and my surviving spouse would have to pay personal taxes based upon the value at my death, and I believe your quoting of the code reaffirms that. I do not know if Senator Wickersham's language cancels that. He says it does and I have confidence in his...

PRESIDENT MOUL: One minute.

SENATOR SCHMIT: ...legal opinion, but I guess, based upon the confusion that has reigned on this situation for many years now, I think we owe it to the tax commissioner, to the county attorneys and the county treasurer...

SENATOR NELSON: Senator Schmit, you're still on my time. Could I quote another sentence or two?

SENATOR SCHMIT: Yes.

SENATOR NELSON: In determining the basis of the property acquired from a decedent, the fair market value of the property at the time of the death of the decedent is usually the property's value as appraised for estate tax purposes. If there is no estate tax liability, the value is appraised value as of the date of the decedent's death. I didn't want to interrupt you, Senator Schmit, but I thought maybe I ought to get that in the record too. I think it's very clear.

SENATOR SCHMIT: While you were discussing it, will you tell me exactly how you interpret that and what it means to you, Senator Nelson?

SENATOR NELSON: I would say to me then that the basis of the