

February 21, 1996 LB 973

SENATOR LINDSAY: And this definition, this definition is to, intended to catch 501(c) people.

SENATOR CROSBY: Time. Further discussion on 973? Senator Beutler.

SENATOR BEUTLER: Senator.

SENATOR LINDSAY: It's intended to catch those organizations that are 501(c). But it...I mean I can envision how it would catch somebody other than a 501(c), and that would be someone who has the same purposes but hasn't applied for tax-exempt status. But that's, it's hard to envision because it doesn't make any sense to do all the charitable things and still subject yourself to the taxation. So I mean, technically I can see it, but it wouldn't make any sense not to apply for the tax-free status.

SENATOR BEUTLER: Let me just mention a couple of other questions and be done with it at that. It seems to me that overall the bill is designed to give a lot more power to the, to the foundations than the institutions and, and give them a lot more flexibility in terms of how they interpret things. The net appreciation question, is this going to result in...is this going to apply to all past donations as well as future?

SENATOR LINDSAY: Yes.

SENATOR BEUTLER: I mean, what this bill seems to say is that if I give you \$100,000 worth of stock in 1930, and that's appreciated to \$1 million today, that you can take \$900,000 and spend it now as opposed to having to hold that in principal under trusts that have traditionally been interpreted to, to retain the appreciation with the principal and spend only the income or interest or dividends or income language like that. I mean I think that language was fairly common in the old, in the old gifts. And if I had to guess the intent of the donor I would guess that the intent of the donor in most cases was that appreciation would stay with principal and not that it would be treated as expendable monies in the nature of dividends or interest.

SENATOR LINDSAY: And I disagree. I think you can do that. Now I think they can sell the stock now. I don't know that any