

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

May 4, 1999

LB 770

SENATOR VRTISKA: ...and, if they get more, they have to reduce somewhere else, as I understand it.

SENATOR WICKERSHAM: Yes, it is an increase in revenue from motor vehicles, but that will be offset by a reduction...will have to be offset with a reduction of property taxes, unless they find some way within the budget limitations to increase spending. And we've tried hard to cut all those off.

SENATOR VRTISKA: Okay, appreciate that. Just so the people can really get another picture of how this works, and I think it's important at this juncture, before we move ahead with this bill, I'd like to have...ask Senator Matzke to repeat a couple of things he talked about insofar as where this money goes if the county doesn't get it. I think it's important we understand that.

PRESIDENT MAURSTAD: Senator Matzke.

SENATOR MATZKE: What's your question?

SENATOR VRTISKA: Well, you talked about if, in fact, we don't have a...the sheet that was sent around that shows the amount of money that's collected under the state and the county and the federal tax, and I think I heard you say that if the counties don't get it, or the state don't...it's going to be collected by the federal government anyway, the amount that's due.

SENATOR MATZKE: Well that's right. If your...if you have an estate that's over 650,000, and that's where most of the inheritance tax comes from is from the bigger estates, and there's a federal estate tax. The federal estate tax law gives you a credit or deduction against the federal estate tax for the amount of money that you have paid the county and the state. So assume that that credit is \$15,000 in an estate. If you pay the county \$10,000, then you pay \$5,000 to the state. But if you lower the counties share to \$5,000, then you pay \$10,000 to the state. And if you pay nothing to the county or to the state, if we were to abolish all of our inheritance in estate tax here, you'd pay the whole \$15,000 to the federal government. So it's...what this bill is going to do in larger estates is it's going to shift the income flow from the county to the state of