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LB 770

though is that the tax...

PRESIDENT MAURSTAD: (Gavel)

SENATOR BROMM: Thank you, Mr. President. The tax benefits that can be derived from a properly planned estate are not being mentioned here, the tax benefits. We're talking about 1 percent inheritance tax. Well, let me tell you about the income tax savings that occurs. If I am an active business man or an active farmer and I sell my equipment or I sell my machinery, I pay a tremendous amount of income tax if I'm living. If I let that machinery pass to my spouse or to my son, and they sell it, they get a stepped up basis for income tax, whereas I might have paid 50 percent or 35 percent inheritance tax on the sale of my equipment while I'm living, my heirs can sell that, pay a 1 percent inheritance tax and pay no income tax. Now tell me that isn't a good trade. I'll take the 1 percent every time when I can save 35 percent, and I tell people that. If I inherit a piece of land and I...and it's valued at the death of my...of whoever left it to me at \$1,000 an acre, and I pay a one percent tax, that's \$10 an acre. If I sell that piece of land for \$1,000, I pay no income tax. I pay no capital gains tax. So sometimes people raise the value to \$1,300 an acre, \$1,200 an acre, with the idea that, well, maybe down the line sometime we might sell it, but let's get that basis up there to save some income tax. The income tax in a smaller estate is much more crucial than the inheritance tax. And that's just...I mean, just to keep thing in perspective here. And I...and I'm not against raising the exemption to an appropriate amount. But I want to have some information to deal with. Maybe this class I heir, which is only the lineal descendants, should only...maybe the exemption should only be raised to \$50,000. And maybe we should raise the exemption for nieces and nephews and nonrelated parties a little bit. They're the ones that get hooked. I've never, never had anybody have to sell their business or their farm because of the state inheritance tax, and I don't think I ever will see that. But the federal tax, yeah. And that's beyond our control in this body. But I just want to keep this in perspective a little bit. There are tremendous tax benefits for property passing through an estate that far exceed the incidence of the one percent. So be that as it may, I support Senator Hartnett's amendment. I hope that we can follow