

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

January 18, 2000 LB 383

it's very compelling. It's a compelling story. I've heard him tell it before, and I think it's worth repeating: It has been painted in the media and also in here as a tax dodge for the most wealthy of the highest executives in individual Omaha companies. The story I'm about to tell is about my father-in-law. My father-in-law happened to retire about three years ago from one of these Omaha companies that has a fairly liberal stock option buy-in program. During the course of his employment, and he was not a highly paid executive in this corporation, he started as an entry level sort of individual, some 20 or 30 years ago, worked his way up to probably a middle level man, what would be equivalent of middle level management type of position. During his course of employment this company had no straight retirement program but did offer employees several times over the course of his employment opportunities to purchase stock in the company. The company had a requirement that once an individual leaves the company...the employment of that company they were to sell their stock so that other individuals coming up through the system could purchase. And again that is in lieu of a retirement system. It is rather ironic that today is the day I'm giving this speech because he and my mother-in-law are flying back from the state of Washington this afternoon to visit us. They moved as quickly as they could when it was apparent that they had to sell the stock in a state that does not have the income tax...they could sell the stock in a state that does not have the income tax provisions that Nebraska has on this sort of capital gain. He is not the only one. I have become acquainted with a number of individuals his age category who have worked for this particular company, and when he flies around the country on vacations he stops by in Texas to visit them, and he visits some of them in Wyoming, and visits some of them in Florida. That is where they are. So, I guess, to get back to the point that this is money that is going out of the state. It is not money that is staying in Nebraska. People are not cashing their stock purchases, paying Nebraska income tax and retiring in Nebraska. They are moving out of the state. Now will this cause us to collect any additional income tax if they stay? Perhaps it will, I don't know so much in the way that they are going to retire and start new businesses, hopefully this would happen, I'm sure some of them will, but if they don't, even if they don't start these new businesses, what will they be doing with their money? They will