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LB 608

So that with respect to LB 775 and with respect to the green copy of the bill, or the committee amendments, I believe, we have something that relates to the original bill, rather than something that was just made up in the last couple of days as a way out of all this mess for I don't know who. I passed out to you before lunch something that I hope you saw in the paper today, and which I thought you might find interesting. It was an article by Warren Buffett that was picked up in the Lincoln papers. I didn't see that it was picked up by the Omaha World-Herald, although I'm sure they will in short order. But if you have a copy of that in front of you, it's very, very interesting, and it relates to this particular amendment, I think. It indicates that...and you have to start with this piece of factual information that the Senate has decided that dividends on...an individual receives, stock dividends that an individual receives should be 50 percent tax-free in the year 2003, and then entirely tax-free for the years 2004 through 2006, and then in the third part they would be again fully taxable in 2007. And Warren says this. He comments a little bit on the wizardry, as he calls it, and the zigzags of the Senate, which I think it's fair to say he finds less than credible. He says, as it works out, I pay a somewhat higher rate for my combination of salary, investment and capital gain income than our receptionist does. But she pays a far higher portion of her income in payroll taxes than I do. And then he goes on to say, now the Senate says that dividends should be tax-free to recipients. Suppose this measure goes through, and the directors of Berkshire Hathaway, which does not now pay a dividend, which does not now pay a dividend, therefore decide to pay \$1 billion in dividends next year. Owning 31 percent of Berkshire, I would receive \$310 million in additional income, owe not another dime in federal tax, and see my effective tax rate plunge to three percent. And our receptionist? She'd still be paying about 30 percent, which means she would be contributing about ten times the proportion of her income than I would to such government pursuits as fighting terrorism, waging wars, and supporting the elderly. Let me repeat the point, he says. Her overall federal tax rate would be ten times more than mine. And then he goes on to point out how all this can be finagled because of the wisdom of the Senate. The administration officials say that \$310 million...