

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

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September 17, 2003

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on Terry Grosenheider's testimony before the senate select committee on job creation, but it is not identical to his recommendations. There were several gaps that needed to be addressed and it is important that you review the draft to ensure that we have filled them appropriately. Please note that this draft does not include the suggested provisions related to capital gains because the instructions related to those provisions are incomplete. Specifically:

1. The instructions recommend a state income tax deferral of the gain on new business venture investments but does not specify the length of the deferral.
2. The instructions recommend a lower state capital gains tax rate, or no state capital gains tax at all, on gains that are invested in a new business venture. Do you want a lower rate or do you want to eliminate the capital gains tax on such investments? If you want a lower rate, what should it be?
3. The instructions recommend raising the capital gains exclusion on investments in new business ventures but does not specify what the amount of the new exclusion should be.
4. Finally, to the extent that the recommendations listed above may conflict with one another, do you wish to implement all of the recommendations, implement some of the recommendations, or modify the recommendations?

Please contact us if you have any questions.

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