

April 25, 1985

SENATOR DECAMP: No, it is not.

SENATOR HIGGINS: So could you put it in simple layman's terms what it is that the bill will do, and why it is needed.

SENATOR DECAMP: Well, okay. I thought I did, but I'll try one more time.

SENATOR HIGGINS: Well, you probably did, but Pappas was talking to me.

SENATOR DECAMP: I can't imagine your wasting your time listening...well, no. Nebraska taxes their insurance companies as follows, domestic, in other words insurance companies located in the State of Nebraska we say you shall pay a rate of let's say .6 percent, in other words six-tenths of one percent. However, if you are outside the State of Nebraska, domesticated outside, call it New York Life or something like that, then you pay a rate of tax of 2 percent. As you can see, I think that is what it is, 2 percent. As you can see that is about three times as much. Many states have done this and have done it for years. The reason they did it were abundant, or at least the reasons they offered were abundant. Some of these reasons included we need to promote business, domestic business in the state. We need to help our local business. Whatever reasons you want. However, in the case before the U.S. Supreme Court, involving Alabama, the U.S. Supreme Court said that violates the equal protection clause to the Constitution of the United States. In other words, you are treating one person or one corporation, entity, completely different, you are taxing them three times as much for no apparent reason, or at least no justifiable reason. Therefore, they said, that tax that you've been imposing is unconstitutional. Go back to the drawing board, maybe...unless you can justify it...

SENATOR HIGGINS: Okay, Senator, is that what you want to do with the bill you are proposing?

SENATOR DECAMP: No, I was giving this explanation so I can tell you what I'm going to do with the bill I'm proposing. Okay. However, what about the previous taxes they've already paid under this tax? In the case of Nebraska it