

May 23, 1973

(Start Belt #9)

credit they had and now taxed them more than have been in the past.

SENATOR BURBACH: Oh no, no, no. This, this would retain and keep intact exactly as co-ops have been taxed since 1967.

SENATOR CARPENTER: Now what does Senator Duis' do?

SENATOR BURBACH: Senator Duis wants to exclude co-ops from paying an income tax.

SENATOR CARPENTER: Well then, I'm saying then, that this bill would increase--

SENATOR BURBACH: It, it would keep, keep at a status quo, with a little, little bit of refinement in the language.

SENATOR CARPENTER: As it was. Now when was it increased to what it now is?

SENATOR BURBACH: Never except as we increased corporate taxes or income taxes from the original 10 but it has followed the same pattern as all other people subjected to paying the personal pro--the income tax.

SENATOR CARPENTER: But the income is all we're talking about insofar as co-ops are concerned? And Senator Duis' amendment would put the co-ops back to where they were?

SENATOR BURBACH: No, it would put them without payment of any corporate tax, income or corporate.

SENATOR CARPENTER: At all.

SENATOR BURBACH: At all. This, this is correct as far as the corporations are concerned. After the money has been disbursed back to the people, they pay the income tax if we, and which they are doing also today, but then they would pay it under personal, but the way we're operating today, 526 does not change it, a refinement in language is all.

SENATOR CARPENTER: Well now does the co-ops, for example, what does the parent co-op now pay in the way of income tax prior to the time they make a distribution to the stockholders?

SENATOR BURBACH: The corporate rate. It's over \$498,000.

SENATOR CARPENTER: Do they pay it on their gross income?

SENATOR BURBACH: No, no.

SENATOR CARPENTER: All I'm trying to say, what is the advantage we give co-ops because of the need they think they fill which is not the same as what they give to other corporations?

SENATOR BURBACH: The Federal Government has recognized that co-ops be taxed on, after the disbursement of the money, after the money has once been disbursed, then the individual co-op member pays his personal income tax on his dividend. Under the present law as we are operating now, the Fed--we, we depart from the Federal Government approach and they pay a corporate income tax, a total of \$498,000 to the State of Nebraska.

SENATOR CARPENTER: But I'm trying to find out what the form is. Let's say a co-op made \$100,000 gross profit-or