

March 4, 1980

LB 905

Maybe somebody else will but I won't so that motion is not before us and we appreciate your remarks. Senator Murphy, I believe you wanted to speak.

SENATOR MURPHY: A question of Senator DeCamp.

PRESIDENT: Senator DeCamp, will you respond?

SENATOR DE CAMP: Yes, Senator Murphy.

SENATOR MURPHY: Senator, what other insurance policies are now exempt from the premium tax or is this a first, which is what I am really getting to? Are we now creating a crack in the dike that will be followed immediately by all mutual insurance policies that are issued by all university type insurance policies that are issued? Are we now finding another group of people who want to be exempt from taxation?

SENATOR DE CAMP: No, Senator Murphy, I don't think that is involved here at all. Let me try to explain it as I understand it. Individual retirement accounts where a system is set up by the feds, back about '74, so the average guy with his own business could start setting up a retirement system. We had exempted certain things prior to that time but when the federal act came into effect, the IRA, there had not been any laws passed that specifically dealt with IRA in the Legislature before that time because they didn't exist. It was a new creation. So the ruling was that they had to pay this tax. Now if a bank or other institution handles IRA, they don't pay this tax. Who is paying it? It is the very guy you were trying to help in the first place, the very guy that was putting his money into this account and now he finds he is being taxed on it only in this very limited circumstance and we are just saying that is not an equitable situation and if we want to encourage retirement, well not retirement necessarily, if we want to encourage some saving of some money for retirement, make these things work, we shouldn't have a discriminatory situation where if they utilize an insurance company, out of state insurance company, that suddenly there is this tax. I think if I were saying anything it is merely a corrective or technical correction that probably should have been done years ago. Now I see Cal shaking his head and I think he agrees. Is that right, Cal? Yes, he says. It is not to create holes or anything like that. It is to correct a situation that probably should have been done a long time ago.

SENATOR MURPHY: Does the insurance IRA program have any other implied benefits, John, such as the insurance factor itself?