

March 4, 1980

LB 905

SENATOR DE CAMP: Murph, where do you get these difficult questions?

SENATOR MURPHY: Well, I don't really know, John. I am just kind of a serious Turk.

SENATOR DE CAMP: I assume the bank would have their special selling program and saying, well, you know, you get a better deal if you invest here because we do this or that and somebody else says it, so I am sure the insurance company says, you know, we have better investments or we have better rate of return, whatever. I am sure they give their arguments and try to convince the guy that that is a better way to go.

SENATOR MURPHY: Now if I understand this, and I could well be wrong, it would be the first time again, but domestic insurance companies which are the people we should be concerned about in this tax, certainly not foreign ones, are subject to a quarter of one percent tax. Is that correct as opposed to a foreign insurance company being subject to a two percent tax?

SENATOR DE CAMP: By golly, Murphy, I will get the exact numbers for you but that sounds reasonable to me.

SENATOR MURPHY: Well I think it is true, so in effect we are giving foreign insurance companies a 2% tax advantage and Nebraska based corporations a quarter of a percent advantage and I think that quarter of a percent advantage you could probably bury under a rock somewhere and we wouldn't have the first breach, the first exemption to our insurance premium tax laws. I have a problem with this bill.

SENATOR DE CAMP: Okay. Well I think we must not think in terms of the insurance company here. The individual, Joe Retiree, planning to retire, he is the one that pays the tax, so I don't think it is proper to say you are giving a break to an insurance company. It is the retiree or the guy planning to retire. He is the one that pays it.

PRESIDENT: Thirty seconds, Senator Murphy.

SENATOR MURPHY: Only that I am quite certain that the premium for a foreign based and domesticated company would both be the same and my proposition still...I still maintain that we have a differential tax advantage to a foreign corporation and I certainly would be interested in any further study you may make of it, John.

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