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taxed now?

SENATOR JOHNSON: No, no. Other savings accounts, Senator Rumery, would not bear a premium tax like this one would.

SENATOR RUMERY: Can you tell us then why you think that these taxes should not be exempted. I have heard your discussion about the amount of money that could be used in which you and I both know will not end up that way, but is there any good reason why these funds should be singled out to tax and not other savings?

SENATOR JOHNSON: Yes, there is, Senator Rumery. I don't want to take much of your time but the truth of the matter is that we have chosen in this state to tax insurance companies basically through the use of a premium tax and we allow the premium tax as a credit against a corporate income tax. To a large extent, the premium tax always is greater than the corporate income tax and thus, the premium tax is the principal taxing method used and that means premiums on all kinds of insurance including the kinds of insurance that would be the basis for individual retirement accounts. Now we tax savings and loan differently. We tax the corporate income tax. It is just a different method of taxing and so while we would not tax the savings and loan individual retirement account directly, we nonetheless are taxing the profits of that savings industry and therefore, taxing in effect, its interest payment policy.

SENATOR RUMERY: Well, Senator Johnson and fellow members, I have to oppose Senator Johnson's proposal here. I think we need this bill and I urge you to defeat the Johnson amendment.

PRESIDENT: The Chair recognizes Senator Burrows.

SENATOR BURROWS: Mr. Speaker, members of the body, I'd like to try to answer the question of Senator Rumery. This has been before us in the Revenue Committee in past years and one of the principal questions I asked the insurance industry was where does the money go that they get in their IRA accounts and we never got an answer on this and I suspect and have every reason to believe that the bulk of the money that goes into these IRA accounts shoots right out of the state to the highest money market they can find. I think if their arguments were sound that they would have had that information to us in about thirty minutes as to the flow of these funds. Now insurance companies are not licensed as primary lending institutions in the State of Nebraska and the principal of IRA accounts was