

savings and if these are directed into banks, savings and loans, this money is available inside the State of Nebraska and I think the worst impact of this bill is the taking the premium tax off the IRAs will give an incentive to funnel money outside the State of Nebraska. This is what I believe firmly will happen and along with that losing over \$300,000 of funds which is a very valid point in itself for beating the bill but they are coming in and I am satisfied in my own mind but they have not provided the information to give us a thorough and absolute conclusion on it. I think they would have had it proved their side of the case, that if we take off the tax on IRAs, that more money will go into them and be funnelled outside the state, not available to farmers and homeowners in the State of Nebraska for them to borrow. I think that they should be disadvantaged. They are not primarily licensed as lenders inside the state and for a program like this I think we should be talking about increasing the tax on IRAs, the premium tax, rather than decreasing it and giving an incentive to keep that money inside the State of Nebraska where it will be loaned to our own people rather than funnelling it out. I think this is the most important. I think the tax loss is extremely important but I think it is even more important where the funds go that go into the IRAs and we have not evidence to show that it won't be a stimulant to running money out of the State of Nebraska. Thank you.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President, members of the body, this bill, 905, is probably the saddest example of the legislative process we have heretofore seen. The bill which has been introduced in the Legislature for the last three years, the first two of those years it went to the Revenue Committee and it was appropriately killed and it was killed in the Revenue Committee because as Senator Johnson and Senator Burrows have said, we just do not see any correlation as the introducers of this bill have argued between bank IRAs and insurance IRAs. Now let me explain that for a second. Even with this exemption, even granting this exemption for "parity with banks" anybody that would buy an insurance IRA is making a tremendous mistake and the reason they are making a tremendous mistake is simply because the interest rates paid on that kind of an account are far less than you could get at a lending institution, far less. The only benefit to an insurance IRA, frankly, is the insurance factor and even that is questionable. So what we have here is an industry saying we want a share of those dollars and we need parity with banks in order to get