

March 17, 1980

LB 905

insurance policy but a variable wherein the insurance company reinvest that money, it accrues a much higher return on that IRA policy over and above the standard insurance and accordingly gives the insurance company, if their investment officers are any good at all, a tremendous advantage in having an IRA insurance account. We seem prone to overlook the whole story when we get to telling about these things. In addition to that I would point out that the insurance premium tax is a quarter of one percent on a domestic company, 2% on a foreign company. You start exempting this tax, guess where the benefit of that exemption goes? Straight out of the state.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DE CAMP: Question.

PRESIDENT: The question has been asked for, requested. Do I see five hands? I do. The question is, shall debate cease on the motion to indefinitely postpone LB 905. All those in favor of ceasing debate vote aye, opposed nay. Have you all voted? We are voting on shall debate cease. Record the vote.

CLERK: 26 ayes, 3 nays to cease debate, Mr. President.

PRESIDENT: The motion carries. Debate ceases. Senator Johnson, you may close on your motion.

SENATOR JOHNSON: Mr. President, members of the body, I think we have heard some excellent points this morning in favor of killing this measure. Senator Murphy points out the premium tax on domestic insurance companies at one quarter of one percent whereas the premium tax on foreign insurance companies is 2%. Senator Murphy points out very ably that if we exempt these individual retirement accounts from the premium tax, undoubtedly the biggest beneficiary of that will be the foreign insurance companies rather than the domestic companies, representing another loss of tax dollars from foreign companies doing business in our state. Senator Newell points out very ably that for us to continue to stop the loss of tax dollars through the exemption process we have to say no. He points out ably that even though this is a modest minute measure, even though this represents a very modest tax loss to the State of Nebraska it nonetheless is another in a series of tax losses. He points out quite ably that had the Revenue Committee heard this bill in the first place it undoubtedly would have put the measure in the scale along with all the other tax exemption measures that the Revenue Committee traditionally hears and kills,

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