

CLERK: LB 717 was offered by the Speaker at the request of the Governor, Mr. President. (Read title.) The bill was read for the first time on March 11 of this year. It was referred to the Revenue Committee. The bill was advanced to General File. I do have Revenue Committee amendments, Mr. President.

SPEAKER NICHOL: Now, Senator Johnson, please. Thank you.

SENATOR V. JOHNSON: Thank you, Mr. Speaker, members of the body, I was engrossed in reading this bill to make certain I could understand it to speak to it when you called upon me so that is why I was caught short as the country expression is. I guess to get into the bank tax issue, you need again to turn to your blue book, and if you have managed to misplace your blue book, which I do fairly regularly, I will have Deb Thomas come around and hand out additional blue books if you have lost yours. So, again, we are starting from a blue book. Just raise your hand, and Committee Counsel, Deb Thomas, will be around. I guess this time I want to turn to the... I'm going to turn to the second to the last page of the blue book so that I can outline the problem. The problem is a fairly simple issue. Through some inadequacies in our tax law, some of which were not foreseen, and through a very severe court decision that occurred two or three years ago, banks in the State of Nebraska effectively are not paying an income tax. And the problem has gotten so severe that the Director of the Department of Revenue, the Commissioner of the Department of Revenue, Donna Karnes, and the Governor, Robert Kerrey, have said that if we can't get the bank tax issue straightened out, we simply ought not to have any bank tax. We ought to repeal it. It is more trouble than it is worth because today we are just not collecting any money. Now if you look at the second to the last page in your blue book, you will see kind of a simple little story which the banks put together, which the Department of Revenue put together and provided to the Revenue Committee. The Department of Revenue said in the year 1983 commercial banks in Nebraska had a net income of \$176 million. Now applying the effective corporate tax rate to that income, and by an effective corporate tax rate, what I am really saying is applying the kind of rate that we currently apply to all nonfinancial institutions in Nebraska, that income should have generated a tax to our state of \$11,874,000. However, as you probably know as a result of a Supreme Court