

deductions and everything?

SENATOR V. JOHNSON: The same as you and I after deductions.

SENATOR HIGGINS: Okay, thank you, Senator.

SPEAKER NICHOL: Senator Beutler, please.

SENATOR BEUTLER: I call the question.

SPEAKER NICHOL: The question has been called. Do I see five hands? Do I see five hands? Yes, I do now. The question is, shall debate cease? All those in favor vote aye, opposed nay. You are voting on ceasing debate. Record, Mr. Clerk, please.

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

SPEAKER NICHOL: Senator Vard Johnson, would you like to close on the committee amendments?

SENATOR V. JOHNSON: Yes, I would. Mr. Speaker, members of the body, the financial institution tax is not an easy tax to understand. I don't purport to be an expert in it. In fact, in the end that is one reason why the Revenue Committee did hire Richard Kopf who was the Special Counsel to the Commonwealth Committee for assistance in the matter because we thought it was quite complicated and we needed the help for our understanding. What has happened is this, the State of Nebraska treats a bank like any corporation so we start out frankly taxing whatever the federal level, whatever the federal taxable income is for a corporation. So a bank simply looks at its tax return for its federal taxable income. However, one has to keep in mind that under federal laws the interest received on federal securities is not taxable. So the bank starts out not even having to show the interest received on federal securities as part of its income. Now that is why financial institutions are so much different from corporations because most corporations don't hold very many federal securities but banks naturally do. Well, in addition, in addition, we have made some municipal securities interest also exempt from taxation. So what we really have operating is we have taxable income for banks and other financial institutions at a relatively modest level. Now 619, which we adopted two years ago, was designed to factor back into taxable income certain expense