

allocations, but to treat those like they were income as opposed to expense for the purpose of determining an appropriate rate of taxation on financial institutions. What we have learned is that banks have changed their portfolios so significantly that even the factoring back in of the expense items has still caused an enormous loss of income. In fact I have testimony from Jack Moore, who is one of the lobbyists for financial institutions of Nebraska, indicating that under the existing law banks could adjust their portfolios and would adjust their portfolios so they, in effect, would pay no tax. So what the committee amendments have done is the committee amendments have said, look, let's treat, let's include all financial institutions under this law. Let's simply factor back in some additional kinds of expenses and make certain that we factor them back in so we raise the level of taxable income. But in addition, let's put a one year cap or ceiling on the amount of taxes that we know we can collect from financial institutions. Now the cap, incidentally, is spelled out in a deposit term but it is simply...the deposit term is simply used as a measurement for the cap. The tax is not imposed on deposits. It is not imposed on deposits. We did that because we thought we were keeping with the spirit of the Nebraska Bankers Association that was looking for a compromise. The Governor has signed off on the amendment. The Department of Revenue has signed off on the amendment. We believe it can be enforced and followed and handled carefully. It is a responsible thing to do. At this juncture I would ask you to support the committee amendment, put it on the bill, then we will discuss the bill at length.

SPEAKER NICHOL: The question is the adoption of the committee amendments. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 26 ayes, 8 nays, Mr. President, on adoption of committee amendments.

SPEAKER NICHOL: The committee amendments are adopted. Now we are back to the bill. Senator Vard, did you wish to continue onto the bill? All right, we will go on to the...Senator Lundy.

SENATOR LUNDY: Mr. President and members of the Legislature, I would like to just speak briefly on this LB 717. It seems to me like that this bill is just strictly