

PRESIDENT: The motion fails. The Chair recognizes Senator Miller. Senator Jerry Miller. May we have order in the Chamber, please. (Gavel.) Senator Miller.

SENATOR MILLER: Mr. President and members, this issue has gotten complicated. It is not as complicated as it seems. We have a present law, 619, that works. John DeCamp says it works. The bankers agree that it works. It needs an amendment based on the change in the industry, that change being that more loans have gone into tax exempt bonds because the government is a better borrower than other industries. LB 619 works, it needs an amendment. The the situation is that 619 does not tax entities...or monies that are loaned to municipalities or to the government. This amendment...the amendment that is going...717 allows...does not allow the expenses for that income to be deducted. In other words you don't tax the income, you can't tax the expenses that produce that income. You can't subtract the expenses that produce that income. This bill...this proposal that John DeCamp has in front of you, which will put a limit of taxes on 40 cents per 1,000, will not tax banks adequately. If you take the bank and say that a bank is worth one times book, and you tax them at 40 cents per 1,000, you are only going to tax a bank's profits on his capital up to 8 percent. If he makes more than an 8 percent return, and there are banks making more than an 8 percent return, they are making up to 33 percent, if you have this 40 cent cap, you are not going to tax the return if they make more than 8 percent. An income tax should tax those incomes. If they make more money, they should pay more tax. LB 619 is a good, workable tax law. It needs the amendment that 717 will give it. It is not as complicated as it seems. I'll say it one more time. LB 717, all it does is it does not allow the expenses that are incurred when the unearned income...when the income that is tax exempt is earned. In other words you have income coming from two sources. It comes from an area where you can tax it, it comes from an area where you cannot tax it. All that 717 will do will subtract out that portion of the expenses that comes from that portion of the business that you cannot tax.

PRESIDENT: The Chair recognizes Senator Morehead.

SENATOR MOREHEAD: Mr. President, members of the body, I appreciate Senator Miller's concise explanation as he sees