

attributable to those items. It is a fairly complicated formula. But the formula is one that was designed to generate a reasonable amount of revenue for the state, and also designed to reflect the unique position of financial institutions in Nebraska because of their portfolio holdings of tax exempt bonds. LB 619 was flawed in the sense that it did not fully recognize the kind of swings that can occur in bank portfolios. So LB 717, that you are going to vote on a little later on, Senator Higgins, simply makes some corrections to 619. That is all it does. It makes some corrections. It takes some of the flaw out of 619. Now Senator DeCamp has offered an amendment this morning that effectively repeals LB 619. It replaces LB 619 and it imposes a flat tax on bank income and then allows credits to banks that have certain exempt items in their portfolio. Then in the end it says, look, we're going to put a cap on the whole thing, we're not going to let any bank be taxed more than whatever 40 cents per \$1,000 of its deposits would bring.

SENATOR HIGGINS: There is a cap on the tax?

SENATOR V. JOHNSON: Yes, there is going to be a cap, there is going to be a fairly low cap in the DeCamp proposal. Now LB 717, that is before you, has a cap in it. It is a higher cap and it only lasts for one year and then the cap is removed. It's kind of an adjustment, a phase-in cap.

SENATOR HIGGINS: Well, Senator, what was it Senator DeCamp said he was taking out that one year?

SENATOR V. JOHNSON: Well, Senator DeCamp decided that the bill that he was advancing was so positive that he didn't want this particular bill, his amendment, to sunset. So, he in effect, is prepared to say that we will have a capped franchise income tax bill for all financial institutions forever and a day because the sunset has been removed.

SENATOR HIGGINS: Could we do that for an individual taxpayer?

SENATOR V. JOHNSON: Well, we don't sunset taxes for individual taxpayers, so I think that we currently do that in effect for individual taxpayers.

SENATOR HIGGINS: Could I put an amendment on this bill that