

March 6, 1986

LB 1114

vote no. Record, Mr. Clerk, please.

CLERK: 25 ayes, 0 nays on the motion to adopt the amendment.

SPEAKER NICHOL: The amendment to the amendment is adopted. We're back to the amendment. Senator Vard Johnson.

SENATOR V. JOHNSON: Let me explain the amendment. When we ended up on General File with the insurance premium taxes, I gave my closing remarks. I said I thought that there remained three open questions that would have to be negotiated. The first open question was whether or not our changes to the insurance premium tax should be retroactive in the sense that they would apply to those tax payments that had been due February 28, 1986, for tax year 1985. That was the first issue. The answer is, yes, the premium tax law will be retroactive. The second question was whether or not we would continue to require, under LB 1114, insurance companies to remit their premium tax payments to the State of Nebraska quarterly as opposed to current practice which is to remit annually. The answer, yes, they will be required to continue to remit quarterly as opposed to an annual remittance. Incidentally, that quarterly remittance will, in effect, give the state and local subdivisions the use of money earlier than they heretofore have had it. My staff, which again as I indicated is extraordinarily skilled and talented, quickly researched the number of quarterly payments done in other states, and forty-one other states do quarterly or semiannual payments. So we are simply joining that vast herd of other states in insisting upon quarterly payments. The third open question was, what should we do about property and casualty insurance carriers? As you may remember, 1114 said there shall be a 1 percent premium tax rate across the board. Now the property and casualty insurance carriers ended up acceding to the 1 percent premium tax across the board. But they indicated that they had considerable difficulty in acceding to the 1 percent premium tax across the board immediately, because to increase their tax load as of February 28, 1986, from 6/10th of 1 percent to 1 percent would have required their dipping into surplus in a totally unplanned fashion. They didn't have adequate lead time. So after very careful and long and protracted discussions, an agreement was framed with all of the insurance carriers that we would take the property and casualty premium taxes, leave them at 6/10th of