

March 17, 1980

LB 905

CLERK: Mr. President, LB 905 was last considered by the body on March 11, excuse me, on March 12. At that time Senator Johnson, Newell and Murphy made a motion to indefinitely postpone the bill. That is now pending, Mr. President, the motion to indefinitely postpone by Senators Johnson, Newell and Murphy.

PRESIDENT: The Chair recognizes Senator Johnson on the motion to indefinitely postpone LB 905.

SENATOR JOHNSON: Mr. President, members of the body, LB 905 has been discussed heretofore on a motion to refer the bill to the Revenue Committee so I know that a number of you are familiar with some of the arguments concerning this legislation. LB 905 is a bill that would exempt from the premium tax, insurance individual retirement accounts. Now I am going to use the word "IRA" as I speak to mean "individual retirement account" and when I talk about an insurance IRA I am meaning an individual retirement account that is funded, in effect, through the purchase of insurance, particularly through the purchase of annuities. One can distinguish an insurance IRA from other kinds of individual retirement accounts such as the mutual fund IRA or the savings account IRA. In the end, LB 905 will cost the State of Nebraska and its local subdivisions some \$300,000 annually in lost tax revenues. Now this is a fairly modest amount of money in the overall scheme of things and yet it continues to represent another chipping away at the state tax base. This weekend I took the time to see what \$309,000 would buy in government and I want to read to you the kinds of things that the fiscal analyst came up with. According to average salary figures available in the State Department of Education \$309,000 would be sufficient to support twenty-one elementary teachers' salaries or nineteen secondary teachers' salaries. Thus, when we throw away \$309,000 we, in effect, are throwing away our ability to support twenty-one elementary teachers or nineteen secondary teachers. According to the average per pupil cost figures available in the State Department of Education \$309,000 would be sufficient to provide funds for the education of one hundred fifty-eight Nebraska children for a full year. Thus, when we throw away \$309,000 we, in effect, are also throwing away our ability to educate from that money, one hundred and fifty-eight Nebraska school children. According to approximate figures used for estimating the cost of placing residents of Beatrice State Development Center and to community-based mental retardation programs, about twelve to sixteen such residents could be placed and supported in community programs with \$309,000. Again, a revenue loss. Based on current ADC maximum payments, \$309,000 would support eighty-three typical family units per month. Again,