

which prohibited the state to continue to tax financial institutions, as we then were currently doing, because it was held by the federal government that it was in effect a tax on federal obligations that we couldn't tax. So a system was devised at that point which the tax is based upon the deposits by institutions and in that process it covers banks, savings and loans, those kinds of institutions. As it turns out, there was one that we know about at least, federally chartered savings and loan which acquired a subsidiary in another state, in Iowa to be specific, and under the provisions of the restriction of the federally chartered they have to hold this Iowa operation as a subsidiary. Had it been a different kind of a financial institution, such as a bank, they would have been held by a holding company and not subject to this provision of a Nebraska tax. The effect of what we have is a subsidiary is paying both on the deposit, both on the institution that is located in Iowa as well as paying into Nebraska and because of the federal restrictions on the federal chartered savings, mutual savings and loan, they are unable to own that as a holding company. So the purpose of the bill is very narrow. It restricts the...or permits that that income from a subsidiary which is owned 50 percent or more by a mutual savings and loan and which does not actively solicit deposits from residents of Nebraska would not be subject to this tax. For your information, it is a bit of a complicated formula but, in effect, what the tax is now is around 47 cents per thousand dollars of deposit with some other restrictions but it...and it is, if you look at the fiscal note, it indicates there was not a report. There will be some slight reduction, I would suspect, in the vicinity of \$20,000, maybe a little more. It would depend on the year. It might be, I assume some years it may not be any, some years perhaps greater, depending what the level of deposits are in the calculation of a formula. But in any event, it was not the intent to tax twice, these funds which are already paid Iowa and to pay in Nebraska, but not in Nebraska, and the bill would clearly state that the federally chartered savings and loans then would be treated as all other financial institutions are, the difference being that they are prohibited from establishing a holding company but must include those out-of-state savings, mutual savings and loan is a subsidiary as a result come under the Nebraska tax. So I'd move the bill be advanced.

SPEAKER WITHEM: Thank you, Senator Warner. Any further discussion? There appears to be none. Senator Warner, do you have closing? No closing. The question is, shall LB 26 be