



Hundredth Legislature - Second Session - 2008
Introducer's Statement of Intent
LB 851

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 22, 2008

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 851 is a bill introduced at the request of the Nebraska Department of Banking and Finance. Its primary purpose is to update the laws relating to bank charter applications, trust company and trust department reports and publications, and to provide for the annual renewal of the three depository financial institution wild-card statutes.

Section 1 revises Section 8-115.01 of the Nebraska Banking Act to provide that the time period for setting a hearing on a bank charter application begins to run when the Department accepts an application for filing as substantially complete. Current law sets the time frame from the date the application is filed, which does not provide the Department with sufficient time to complete the extensive review and analysis of the information required prior to setting the hearing.

Section 2 revises Section 8-116 of the Nebraska Banking Act by removing the requirement that at opening, a new bank must have undivided profits equal to 20% of the bank's paid-in capital, and by providing for a corresponding increase in the bank's surplus account. The purpose of this amendment is to address an incorrect accounting treatment, as a bank will not have undivided profits on opening day.

Section 3 revises Section 8-120 of the Nebraska Banking Act to remove the requirement that at the time a bank charter application is filed, at least 20% of the undivided profits must be paid in, and to provide for a corresponding increase in the applicant's surplus account. The purpose of the amendment is to address an incorrect accounting agreement and to correspond to the amendment proposed in Section 2.

Section 4 revises Section 8-122 of the Nebraska Banking Act to remove the requirement that undivided profits must be paid in before a bank charter can be issued. The purpose of the amendment is to correspond to the changes proposed in Sections 2 and 3 of the bill.

Section 5 re-enacts Section 8-1,140, the wild-card statute for banks. The law provides parity between state-chartered banks and their federal counterparts. It must be re-enacted on an annual basis due to the Nebraska Constitution.

Section 6 revises Section 8-223 of the Nebraska Trust Company Act to clarify that trust departments of banks do not have to file the two reports of condition required under the Act with the Department if the information required in the trust reports is already included in the bank's reports of condition that are required to be filed under of the Nebraska Banking Act.

Section 7 revises Section 8-224 of the Nebraska Trust Company Act to allow free-standing trust companies an alternative to the requirement that reports of condition be published. The proposed alternative would be to provide a written disclosure of the company's financial condition to any member of the public who requests such information. Section 7 sets forth the manner of disclosure and authorizes the Department to prescribe the form of disclosure.

Section 8 re-enacts Section 8-355, the wild-card statute for state-chartered savings and loan associations. The law provides parity between state-chartered associations and their federal counterparts. It must be re-enacted on an annual basis due to the Nebraska Constitution.

Section 9 re-enacts Section 21-17,115, the wild-card statute for state-chartered credit unions. The law provides parity between state-chartered credit unions and their federal counterparts. It must be re-enacted on an annual basis due to the Nebraska Constitution.

Section 10, 11, and 12 are the enactment date and amendatory repeal provisions for the bill.

Section 13 provides the emergency clause for Sections 5, 8, and 9, which are the wild-card re-enactments.

Principal Introducer:

**Rich Pahls, Chairperson
Committee on Banking, Commerce and Insurance**