



**One Hundred First Legislature - First Session - 2009**  
**Introducer's Statement of Intent**  
**LB 221**

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**Chairperson:** Greg Adams  
**Committee:** Education  
**Date of Hearing:** February 9, 2009

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

LB 221 would allow a class V school district to make payment of claims by checks drawn on bank depository accounts as well as by warrants. Under current banking regulations (including Regulation CC of the Federal Reserve System) and applicable commercial law (Part 3 of Article 4 of the Uniform Commercial Code), banks are required to take prompt action in processing payment items such as checks. Warrants of a class V school district issued in payment of claims circulate in banking circles like checks but require an extra step (comparing items against the school district's warrant register at the school district) for verifying the legitimacy of an item prior to payment. This extra step can cause and has caused one or another bank in the clearing process to lose the right to charge back fraudulent items.

By permitting a class V school district to use checks as well as warrants, the payment of claims could be put, if the school district's board of education determined appropriate, on the same basis as that of any commercial enterprise in making arrangements with its bank or banks for processing and clearing items.

**Principal Introducer:** \_\_\_\_\_  
**Senator Jeremy Nordquist**