

One Hundred Second Legislature - Second Session - 2012

Introducer's Statement of Intent

LB836

Chairperson: Senator Rich Pahls

Committee: Banking, Commerce and Insurance

Date of Hearing: January 17, 2012

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

Under current law, the state and local political subdivisions are authorized to invest in certificates of deposit and time deposits through the Certificate of Deposit Account Registry Service (CDARS) program or similar programs. Through these programs, state agencies and local political subdivisions working with a state or federally chartered bank or savings and loan in Nebraska are able to obtain certificates of deposit and time deposits that are issued by financial institutions throughout the United States and remain eligible for full FDIC insurance coverage. In addition, the amount of certificates of deposit or time deposits placed through these programs are matched by the placement of certificates of deposit or time deposits into the Nebraska bank or savings and loan on behalf of customers of other institutions participating in these programs.

LB 836 is designed to authorize the state and political subdivisions to utilize deposit placement services, such as insured cash sweep or similar programs to redeposit public funds invested in an interest-bearing money market deposit account at multiple insured institutions throughout the country in amounts up to the FDIC deposit insurance coverage limit. The amount of interest-bearing money market deposits placed through these services are matched by deposits into interest-bearing money market accounts at the Nebraska bank or savings and loan on behalf of customers of other institutions participating in these services. Depositors placing public funds through these services may withdraw their funds up to six times a month.

Principal Introducer: _____

Senator Rich Pahls

