

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB778

Hearing Date: Tuesday January 19, 2016
Committee On: Banking, Commerce and Insurance
Introducer: Williams
One Liner: Change provisions relating to the Nebraska Money Transmitters Act and the Nebraska Installment Sales Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 8 Senators Campbell, Craighead, Fox, Gloor, Lindstrom, Scheer, Schumacher, Williams
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents: Senator Matt Williams Director Mark Quandahl	Representing: Introducer Nebraska Department of Banking and Finance
Opponents:	Representing:
Neutral:	Representing:

Summary of purpose and/or changes:

LB781, introduced at the request of the Department of Banking and Finance, would amend the Nebraska Money Transmitters Act and the Nebraska Installment Sales Act. The bill would provide, section by section, as follows:

Section 1 would amend section 8-2701 of the Nebraska Money Transmitters Act to reflect and incorporate the repeal of section 8-2748 which is provided for in section 9 of the bill.

Section 2 would amend section 8-2734 of the Nebraska Money Transmitters Act to remove obsolete language relating to transitional licensing periods and fees adopted when the money transmitter license application and renewal processes were moved to the Nationwide Mortgage Licensing System and Registry.

Section 3 would amend section 45-334 of the Nebraska Installment Sales Act to provide for the inclusion of new section 7 within the act.

Section 4 would amend section 45-335 of the Nebraska Installment Sales Act, which is the definitional section of the Nebraska Installment Sales Act, to add a definition of "control" in new subdivision (22). The definition is being moved from its current placement in section 45-346(8).

Section 5 would amend section 45-346(5) of the Nebraska Installment Sales Act to remove obsolete language relating to transitional licensing periods and fees adopted when the installment sales license application and renewal processes

were moved to the Nationwide Mortgage Licensing System and Registry. Section 5 would also amend section 45-346(8) by repealing the requirement that a new license application has to be filed if a change of control of a licensee is proposed. The definition of control is moved to section 3 of the bill, and a new change of control process is provided for in section 7 of the bill.

Section 6 would amend section 45-348 of the Nebraska Installment Sales Act to remove additional obsolete language relating to transitional licensing periods and fees adopted when the installment sales license application and renewal processes were moved to the Nationwide Mortgage Licensing System and Registry.

Section 7 would provide for a new change of control approval process which requires the filing of a notice with the Department of Banking and Finance thirty days prior to the change of control. The department would be required to act on these filings within thirty days except in very limited circumstances. A \$150.00 fee and NMLS processing fees would be required. Current law requires the filing of an application for a new license, with a \$150.00 fee and NMLS processing fees. Section 7 would further provide the right to a hearing in accordance with the Administrative Procedure Act if the department denies the change of control request.

Section 8 would provide for repealers of amendatory sections.

Section 9 would outright repeal section 8-2748 of the Nebraska Money Transmitters Act. This section provides for savings and transitional provisions for entities that were licensed under the predecessor Nebraska Sale of Checks and Funds Transmission Act. This section is now obsolete.

Explanation of amendments:

The committee amendments would expand the definition of "control" in the case of control of an installment sales licensee that is an entity other than a corporation. Such control would be defined as (1) the power to direct the management or policies of the entity, (2) the contribution of twenty-five percent or more of the capital of the entity, or (3) the right to receive, upon dissolution, twenty-five percent or more of the capital of the entity.

As introduced, the bill would establish a process by which the Director of Banking and Finance may disapprove the acquisition of control of an installment sales licensee.

Jim Scheer, Chairperson