

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT (CORRECTED)
LB279

Hearing Date: Monday January 23, 2023
Committee On: Banking, Commerce and Insurance
Introducer: Kauth
One Liner: Change and eliminate provisions relating to executive officers of banks

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

Vote Results:
Aye: 8 Senators Aguilar, Bostar, Ballard, Dungan, Jacobson, Kauth, Slama, von Gillern
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Senator Kathleen Kauth
Bob Hallstrom
Dexter Schrodt

Representing:

Nebraska Legislature
Nebraska Bankers Association
Nebraska Independent Community Bankers

Opponents:

Representing:

Neutral:

Kelly Lammers

Representing:

Nebraska Department of Banking

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

The bill would amend Neb. Rev. Stat. Section 8-143.01. The bill would provide, section by section, as follows:

Section 1 amends Neb. Rev. Stat. Section 8-143.01 to eliminate provisions relating to the report of loans, indebtedness, and credit of executive officers of banks and to adopt federal updates to law relating to extension of credit. The removal is being sought for the following reasons:

There are a number of regulators for banks in Nebraska. This includes the Nebraska Department of Banking and Finance, the FDIC, the OCC, the Federal Reserve, the CFPB, and others, depending on whether it is a state chartered or national bank. There are many reasons that it is good policy to have as much parity as possible between state and national banks. This includes maintaining similar regulatory requirements, in order to encourage banks to charter at the state level instead of the national level.

Banks are required to report lending to its own executive officers. Historically, executive officers have also been required to report to their own bank regarding their own indebtedness to other banks. The Financial Services Regulatory Relief Act of 2006 removed the requirement of executive officers to report outside indebtedness for national banks.

As this specific reporting is no longer a requirement under federal law, LB 279 seeks to remove those same requirements currently found in state law.

Section 2 repeals the statute amended.

Explanation of amendments:

AM 86 would amend LB279 in the following ways:

Restores stricken language to Section 1 of LB279 to create the ability for the board of directors of a bank to obtain a credit report from a recognized credit agency, on an annual basis, for any or all of its executive officers.

Restores stricken language to Section 1 of LB279 to exempt obtaining a credit report of any executive officer if such officer is excluded by a resolution of the board of directors or by the bylaws of the bank from participating in the major policymaking functions of the bank and does not actually participate in the major policymaking functions of the bank.

Julie Slama, Chairperson