

LEGISLATIVE UPDATE

108th Legislature, 2nd Session



March 1, 2024

The Legislature conducted a rare three-day work week before adjourning on Thursday after spending the majority of its time this week debating a bill (LB 1067) to phase out the inheritance tax over a five-year period. The arduous committee hearing process concluded on Thursday. Lawmakers will return to work on Monday to commence full days of legislative floor debate, consider a handful of bills pursuant to the “consent calendar” procedure and continue to process individual senator, committee and Speaker priority bills.

BANKING COMMITTEE PRIORITY BILL ADVANCES

The Banking, Commerce and Insurance Committee has advanced its final Committee priority bill (LB 1074 – Omnibus Department of Banking Bill) to General File. **LB 1074**, introduced by Senator Julie Slama (Dunbar) would, among other things, renew the annual bank and savings and loan “wild-card” provisions. Prior to advancing the bill, the Committee adopted amendments incorporating the provisions of LB 710 (Credit Union Act), LB 872 (Central-Bank Digital Currency) and LB 1122 (Misleading Advertisements/Solicitations). **(NBA POSITION: SUPPORT)**

The bills to be incorporated into LB 1074, are as follows:

LB 710 - CREDIT UNION ACT: Introduced by Senator George Dungan (Lincoln), LB 710 would: a) authorize a credit union to provide written notice of any change in its principal place of business within the state to be delivered to the Department in person or sent by regular or electronic mail; b) authorize a credit union to conduct annual or special meetings by virtual conferencing platform; c) authorize the board of directors of a credit union to conduct regular meetings not less frequently than six meetings annually, with at least one meeting in each calendar quarter; d) authorize a credit union board of directors to appoint one or more associate directors to serve in an advisory capacity; and e) authorize a credit union to invest in insurance policies and other investment products to fund employee benefit plans for its employees not to exceed 15% of the net worth of a credit union from a single issuer or 25% of the net worth of a credit union in aggregate.

Provisions of the original bill – which were opposed by the NBA and which have been removed in the Committee amendment to LB 1074 – would have: a) eliminated requirements for the Director of the Nebraska Department of Banking and Finance (Department) to provide notices of an application for establishment of a branch of a credit union and remove discretion from the Director to hold a public hearing on amendments to a credit union association’s bylaws which are brought before the Department; b) allowed a credit union with a main chartered office or approved branch in the state, upon notification to the Department, to establish savings account programs in any elementary or secondary school, whether public or private, that has students who reside in the same city or village as the main chartered office or branch of the credit union; c) expanded the field of membership of a credit union to include persons or organizations within a geographically defined community, neighborhood, or rural district; d) authorized credit unions to invest in shares, stocks, or member units of financial technology companies in a total amount not exceeding 5% of the net worth of the credit union; and e) repealed the 18% usury rate on credit union loans.

LB 872 - CENTRAL-BANK DIGITAL CURRENCY: Introduced by Senator Rob Clements (Elmwood), LB 872 would prohibit political subdivisions or state agencies from accepting a central-bank digital currency as a method of cash payment of any tax, levy, excise, duty, custom, toll, interest, penalty, fine, license, fee, or assessment of whatever kind or nature.

LB 1122 - MISLEADING ADVERTISEMENTS/SOLICITATIONS: Senator Beau Ballard (Lincoln) is the sponsor of LB 1122, which would increase the maximum fine that the Department of Banking can impose for violations involving misleading advertisements or solicitation of bank customers from \$1,000 to \$5,000. Current law places restrictions on the ability of any person to include the name, trade name, logo or symbol of a financial institution in a written solicitation for financial products or services directed to a consumer who has obtained a loan from the financial institution without the consent of the financial institution, unless the solicitation clearly and conspicuously states that the person is not sponsored or affiliated with a financial institution and that the solicitation is not authorized by the financial institution.

COMPROMISE REACHED ON INVESTMENT POOL BILL

The Banking, Commerce and Insurance Committee has advanced LB 1176 to General File on an 8-0 vote. Introduced by Senator Dungan, LB 1176 would establish investment priorities, customer disclosures and restrictions on investments for political subdivision investment pools. As amended by the Committee prior to advancing, the bill would specifically limit investments by a political subdivision investment pool in commercial paper to commercial paper a) issued by a United States corporation; b) with a stated maturity of 270 days or fewer from its date of issuance; and c) which is rated in the highest quality category by at least two nationally recognized rating agencies at the time of purchase. In addition, the bill would limit investments in commercial paper by a political subdivision investment pool to no more than 50% of the total funds eligible for investment at the time of purchase and to no more than 5% of the total funds available for investment in commercial paper of a single issuer. **(NBA POSITION: SUPPORT)**

COMMITTEE HEARING ACTIVITY

The NBA presented testimony on the following bills that were heard before various committees this week:

February 27 – Banking, Commerce and Insurance Committee

LB 954 - BIOMETRIC AUTONOMY LIBERTY LAW: Senator Kathleen Kauth (Omaha) has introduced LB 954, which would provide for regulation of the collection, use, safeguarding, handling, storage, retention and destruction of biometric data. Senator Kauth submitted amendments supported by the NBA at the Committee hearing to exclude financial institutions, affiliates of financial institutions and data subject to Title V of the Gram-Leach-Bliley Act from the provisions of the bill. **(NBA POSITION: WATCH AND SEEK AMENDMENTS)**

February 28 – Revenue Committee

LB 1379 - AFFORDABLE HOUSING DOWN-PAYMENT ASSISTANCE: Introduced by Senator Robert Dover (Norfolk), LB 1379 would increase the documentary stamp tax from \$2.25 to \$2.50 and use the additional funds for affordable housing down-payment assistance. NBA Associate General Counsel Ryan McIntosh proposed amendments at the Committee hearing to provide protections to existing lienholders and require notice of liens to be filed by the state in connection with down-payment assistance loans. **(NBA POSITION: WATCH AND SEEK AMENDMENTS)**

SIGN UP FOR VIRTUAL LEGISLATIVE REVIEWS DURING THE LEGISLATIVE SESSION

The next NBA Government Relations team virtual Legislative Update is Monday, March 25, at 9:00 a.m. CT. [**Register**](#) for the overview of legislation introduced this legislative session that may affect the banking industry.