

# LEGISLATIVE UPDATE

108<sup>th</sup> Legislature, 2<sup>nd</sup> Session



March 15, 2024

The Legislature has completed almost three quarters of the 2024 Legislative Session, with much work on priority bills remaining. Of the 103 Senator, Committee and Speaker Priority bills, as of the close of business on Thursday, seven priority bills have been passed (with the veto, one of these bills was sustained), 12 bills are resting on Final Reading, 28 bills have advanced to Select File, 37 bills are on General File and 19 bills remain in Committee. Speaker Arch has announced that the body will commence evening sessions next Monday and will work into the evening on many days for the balance of the session, which is scheduled to adjourn *sine die* on April 18.

The past week began with consideration of a motion to override Governor Pillen's veto of a bill (LB 307) that would create a statewide needle exchange. While the bill had initially been approved on a vote of 30-7, the veto was sustained on a vote of 27-20, with 30 votes required to override.

## BANKING COMMITTEE PRIORITY BILLS WAITING IN THE WINGS

The two priority bills designated by the Banking, Commerce and Insurance Committee (LB 1073 and LB 1074) are expected to surface on the agenda sometime next week. The bills, as amended and advanced from Committee – along with other pending amendments – contain the following:

**LB 1073 - Third-Party Administrators of Insurers On-Site Audits**: Introduced by Senator Julie Slama (Dunbar), LB 1073 was amended to include the following bills which are supported by the NBA. (NBA POSITION: SUPPORT)

**LB 873 - REAL ESTATE CLOSING/GOOD FUNDS**: LB 873, introduced by Senator Beau Ballard (Lincoln), would authorize use of real-time or instant payments through the FedNow service of the United States Federal Reserve system, or through the RTP network of the Clearinghouse Payments Company LLC for purposes of the good funds requirement associated with real estate closings and would increase from \$500 to \$1,500 of the amount of funds that need not be available for disbursement from good funds.

**LB 1135 - RIGHT-TO-LIST HOME SALE AGREEMENTS**: Introduced by Senator Robert Dover (Norfolk), LB 1135 would make void and unenforceable any right-to-list home sale agreement (an agreement by the owner of residential real estate providing another person with the exclusive right to list real estate for sale at a future date in exchange for monetary consideration which purports to be a lien, encumbrance or other real property security interest) or lien or encumbrance resulting from such an agreement which is presented for recording, or recorded in the office of the register of deeds or county clerk.

**LB 1409 - CONDOMINIUM ASSOCIATION DECLARATION AMENDMENT**: Introduced by Senator Eliot Bostar (Lincoln), LB 1409 would limit the requirement to obtain lienholder approval of amendments to a condominium association declaration to a) time-share arrangements; b) unit subdivisions; and c) issues affecting lien priorities and lienholder foreclosure rights. The bill would deem a lienholder which fails to respond to a request for approval of amendment to declarations within 60 days of the request to have given

approval. Prior to advancing, amendments proposed by the NBA providing greater protection to lienholders were adopted by the Committee.

**LB 1074 - OMNIBUS DEPARTMENT OF BANKING BILL:** Also introduced by Senator Slama, LB 1074 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 Ballard 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.

Another pending amendment to LB 1074 would incorporate the following provisions of LB 1176, a bill on the NBA Affirmative Legislative agenda:

**LB 1176 - PUBLIC ENTITIES POOLED INVESTMENT ACT:** 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.

## **BUDGET PACKAGE PASSES FIRST ROUND**

The biennial budget adjustments recommended by the Appropriations Committee were debated for two full days this week with virtually no changes being made to the two main budget proposals (LB 1412 and LB 1413). The provisions of LB 1412 contain updates to the current state budget which was adopted last year and covers two fiscal years ending on June 30, 2025. LB 1413 would provide for the transfer of approximately \$230 million from various state agency cash funds to the General Fund to provide funding for Governor Pillen's 40% property tax relief plan.

As advanced, the budget plan would maintain a record balance of \$574.9 million in the state's General Fund as of June 30, 2025, and would also include a Cash Reserve of \$904 million. With the budget adjustments, state spending will increase an average of 3.1% over the two-year budget cycle.

## **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.