

March 3, 2023

The pace at the Legislature has moved from a “slow walk” to a “crawl” during the past week as extended debate continues on every bill that surfaces on the Agenda, whether controversial or not. The initial highly controversial bill of the session (LB 77-concealed carry handguns) has been debated for the past two days and may carry over into next week. The deadline for designating individual Senator, Committee and Speaker priority bills is rapidly approaching, and it appears that the bills selected may be the only issues considered during the balance of the session.

BANKING COMMITTEE PRIORITY BILL

The Banking, Commerce and Insurance Committee has advanced LB 214 to General File and designated the bill as one of the Committee priority bills. Introduced by Senator Julie Slama (Sterling), LB 214 would adopt changes to federal law regarding banking and finance and change provisions relating to digital asset depositories, loan brokers, mortgage loan originators and installment loans. The bill would also renew the annual bank and savings and loan “wild card” provisions. **(NBA Position: Support)**

Prior to advancing the bill, Committee amendments were adopted to incorporate provisions of the following bills, both of which are supported by the NBA:

LB 669 – DEPARTMENT OF BANKING CONDITIONAL ORDERS: Introduced by Senator Beau Ballard (Lincoln), LB 669 would authorize the Director of the Department of Banking to prescribe conditions for banks, trust companies, credit unions, building and loan associations, savings and loan associations, digital asset depositories, and their holding companies, if any, as part of any written order, decision or determination required to be made pursuant to the Nebraska Banking Act, Chapter 8, Article 3, the Credit Union Act, and the Nebraska Financial Innovation Act.

LB 674 – NEBRASKA FINANCIAL INNOVATION ACT: Introduced by Senator Mike Jacobson (North Platte), LB 674 would make technical corrections to the Nebraska Financial Innovation Act regarding digital asset depositories.

COMMITTEE HEARING ACTIVITY

The NBA presented testimony in opposition to the following bills and proposed constitutional amendments of interest to the banking industry during the past week.

Revenue Committee – March 3

LR 6CA – PROPOSED CONSTITUTIONAL AMENDMENT/CONSUMPTION TAX: Introduced by Senator Steve Erdman (Bayard), LR 6CA would prohibit governmental entities from imposing any taxes other than retail consumption taxes and excise taxes.

LR 7CA – PROPOSED CONSTITUTIONAL AMENDMENT/CONSUMPTION TAX: Also introduced by Senator Erdman, LR 7CA would require the state to impose a consumption tax or an excise tax on all new goods and services and to provide a tax exemption for grocery items.

LB 79 - TAXATION CONSUMPTION TAX ACT: Senator Erdman also introduced LB 79, which would eliminate all property, income and corporate taxes and replace it with a tax on the use or consumption in the state of Nebraska of taxable property or services (excludes intangible property and services) at a rate of 7.5%. The legislation would impose the consumption tax on financial intermediation services, including explicitly and implicitly charged fees for financial intermediation services to be collected with the same frequency that statements are rendered by the financial institution, but not less frequently than quarterly.

UPCOMING HEARINGS

The NBA will be presenting testimony before various Committees next week in support of the following bills:

LB 69 - LIFE INSURANCE ASSIGNMENT - NOTICE OF LAPSE/TERMINATION: Senator Mike Jacobson also introduced LB 69 on behalf of the NBA, which would prohibit a policy of life insurance subject to an assignment from being terminated or lapsed by reason of default in payment of any premium unless a notice of pending lapse and termination of the policy has been provided by the insurer to any known assignee at least 30 days prior to the effective date of the lapse and termination. The bill also authorizes senior citizens to designate a third party to receive notices of cancellation, nonrenewal and conditional renewal of a life insurance policy.

LB 504 - RURAL WORKFORCE HOUSING INVESTMENT FUND APPROPRIATIONS: Introduced by Senator Ray Aguilar (Grand Island), LB 504 would transfer \$25 million in fiscal year 2023-24 and fiscal year 2024-25 to the Rural Workforce Housing Investment Fund.

LB 741 - RURAL WORKFORCE HOUSING: Senator Tony Vargas (Omaha) is the sponsor of LB 741, which would appropriate \$25 million in fiscal year 2023-24 and 2024-25 to the Rural Workforce Housing Investment Fund.

ACTION NEEDED – OPPOSE LB 483!

LB 483 will be heard by the Banking, Commerce and Insurance Committee on Tuesday, March 7. The bill, introduced by Senator Jane Raybould (Lincoln), would authorize a state or federal credit union to hold public deposits of the state or any political subdivision of the state.

A “Background Paper” setting forth additional information and talking points accompanies this *NBA Legislative Update* for your assistance in contacting members of the Banking, Commerce and Insurance Committee to encourage opposition to the measure.

BACKGROUND PAPER

CREDIT UNION ACCESS TO PUBLIC FUNDS

ISSUE: LB 483 - CREDIT UNION ACCESS TO PUBLIC FUNDS

INTRODUCER: SENATOR JANE RAYBOULD (LINCOLN)

NBA POSITION OPPOSED

BACKGROUND:

LB 483 would authorize a state or federal credit union to hold public deposits of the state or any political subdivision of the state.

ARGUMENTS IN OPPOSITION TO LB 483:

1. Historically, credit unions were created as non-profit corporations to allow low-income individuals an opportunity to pool resources to access capital. The State of Nebraska and political subdivisions are not entitled to be members of credit unions pursuant to the Nebraska Constitution. Allowing credit unions to receive deposits from non-members moves credit unions an additional step away from their roots.
2. Credit unions do not contribute to the public coffers by paying their “full and fair” share of taxes, and therefore should not be allowed to feed from the public trough by being able to hold public deposits.
3. It is widely recognized that banks serve their entire community and are subject to extensive Community Reinvestment Act (CRA) laws and regulations under federal law. By contrast, credit unions are generally viewed as serving a defined membership and are not subject to CRA regulation. Every dollar of public funds deposited in a bank creates approximately \$10 in new loans to families and businesses in these very communities.
4. Deposits represent part of the raw materials that fuel the banking industry in Nebraska. If public deposits are siphoned off to financial providers who pay no federal or state income taxes, or a reduced share of these taxes, tax-paying banks and savings and loans will be left with a smaller base from which to generate income and pay taxes.

Please contact the members of the Banking, Commerce and Insurance Committee set forth below to encourage them to **OPPOSE LB 483**.

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