

January 31, 2020

With 16 days of the 2020 Legislative Session having been completed, the body continues to engage in floor debate on bills carried over from the 2019 Legislative Session. Committee hearings are in full swing and will continue for approximately the next 30 days.

### **NBA BILLS RECEIVE HEARING**

The Banking, Commerce and Insurance Committee held hearings on Tuesday January 28 on the following bills on the NBA Affirmative Legislative Agenda:

#### ***Elder Financial Abuse***

**LB 853 – Elder Abuse/Transaction Holds**: Senator Matt Williams (Gothenburg) introduced LB 853, which would authorize financial institutions to place a hold, for up to 30 business days, on certain customer transactions in cases of suspected financial exploitation of vulnerable adults or senior adults, both terms defined in existing law. The legislation would expressly authorize a financial institution to notify a third party reasonably associated with a vulnerable adult or senior adult in the case of suspected financial exploitation.

Under LB 853, a financial institution and its employees, officers, and directors would be immune from any civil, criminal or administrative liability that might otherwise exist for delaying or refusing to execute a transaction or disbursement, or for not delaying or refusing to execute such transaction or disbursement, if based upon a good faith belief that financial exploitation may have occurred, may have been attempted, or was being attempted.

George Howard, Vice President of Five Points Bank of Hastings and Kent Franzen, Vice President of Henderson State Bank testified in support of LB 853 on behalf of the NBA. Mr. Howard and Mr. Franzen provided examples of the types of elder financial exploitation that their respective banks have encountered and noted the restrictions that currently hinder their ability to stop these types of transactions from occurring. They also testified as to the extensive training of employees to be able to identify warning signals for elder financial exploitation and the reporting requirements associated with these types of activities. Both Howard and Franzen acknowledged that LB 853 would provide important tools to financial institutions to minimize the impact of elder financial exploitation.

Others supporting LB 853, included representatives of the Nebraska Department of Banking and Finance, the Attorney General, AARP, the Nebraska Independent Community Bankers, the Nebraska Credit Union League and other groups representing the interests of seniors.

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### *Single Bank Collateral Pool*

**LB 854 – Public Funds - Single Bank Collateral Pool:** Also introduced by Senator Williams, LB 854 would change provisions relating to the pledging requirements for public deposits under the Public Funds Deposit Security Act. The bill makes “technical corrections” to the single bank pooled collateral legislation adopted last session (LB 622).

### *Direct Borrowing By Cities and Villages*

**LB 870 – Direct Borrowing by Cities and Villages:** The Urban Affairs Committee received testimony on LB 870, a bill introduced by Senator Sue Crawford (Bellevue), which would expand the purposes for which cities and villages may borrow directly from a financial institution to include (a) repair or reconstruction of real or personal property, improvements or infrastructure damaged as a result of a “calamity” and (b) provision of public services temporarily disrupted or suspended as a result of a “calamity.” The bill is designed to address the direct borrowing needs of cities and villages resulting from a natural disaster.

## **OTHER BILLS OF INTEREST**

The NBA also presented testimony on January 28<sup>th</sup> before the Banking Committee in support of the following bills:

**LB 764 – Fiduciary Investments:** LB 764, introduced by Senator Brett Lindstrom (Omaha), would authorize a bank or trust company holding funds for investment to invest such funds in securities of, or other interests in, individual portfolios of investment holding; shares or interests in a private investment fund, including a private investment fund organized as a limited partnership, a limited liability company, a trust, a statutory or common-law business trust, a real estate investment trust, a joint venture, any general or limited partnership, or any other form of legal entity.

**LB 852 – Effective Financing Statements:** Senator Matt Williams (Gothenburg) has introduced LB 852 which would, in part, add goats and hemp to the farm products covered under effective financing statements.

## **UPCOMING COMMITTEE HEARINGS**

The NBA will be providing testimony in support of the following bills, which will be heard by various legislative Committees during the upcoming week:

**LB 1063 – State Treasurer/Treasury Management:** Introduced by Senator Brett Lindstrom (Omaha), LB 1063 would include among the permissible duties of the State Treasurer to promote financial literacy.

**LB 1084 – Economic Development - Transformational Projects Act:** Senator Mark Kolterman (Seward) is the sponsor of LB 1084, which would allocate up to 1 percent of annual state tax revenues (approximately \$50 million a year) over the next six years for economic development projects in excess of \$1 billion. The bill would target funding for the proposed NEXt project at the University of

Nebraska Medical Center (UNMC) campus in Omaha, with funding to be available only if UNMC can raise matching funds from private donors in the amount of \$300 million and obtain federal funding for a project costing at least \$1 billion.

**LB 1123 – Public Funds Deposit Security Act:** Introduced by Senator Lindstrom, LB 1123 would authorize the use of student loans partially backed or guaranteed by the U.S. Department of Education for purposes of pledging for public funds.

**LB 1155 – Middle Income Workforce Housing Investment Act:** Introduced by Senator Tony Vargas (Omaha), LB 1155 would provide funding for development of workforce housing in Nebraska's urban and underserved neighborhoods or communities. Would define eligible activities of a workforce housing investment fund to include: a) new construction of owner-occupied housing in a neighborhood or community with a demonstrated need for housing that is affordable and attractive to first-time homebuyers, middle-income families, and the emergency workforce; b) substantial repair or rehabilitation of dilapidated housing stock; or c) upper-story housing development for occupation by homeowner. Would define workforce housing to include a) housing that meets the needs of today's working family; b) housing that is attractive to residents considering purchasing a home in an urban community (county with population greater than 100,000); c) owner-occupied housing units that cost at least \$150,000 but not more than \$250,000 to construct; d) owner-occupied housing units for which the cost to substantially rehabilitate exceeds 50% of a unit's assessed value; e) upper-story housing for occupation by a homeowner; and f) housing that does not receive federal or state low-income housing tax credits, community development block grants, HOME funds, or funds from the Affordable Housing Trust Fund.

## GR FORUM A SUCCESS

Over 70 bankers were in attendance at the NBA Government Relations Forum on Thursday, January 30. Bankers enjoyed lunch with 31 state senators and presentations in the afternoon by Governor Pete Ricketts, Mark Quandahl, Director of the Department of Banking and Finance, Walter “Ted” Carter, Jr., UNL President, and Anthony Goins, Director of the Department of Economic Development were also featured on the program.

NBA General Counsel Bob Hallstrom provided an overview of the legislative session activities and a review of the bills of interest to the NBA.