

LEGISLATIVE BILL 258

Approved by the Governor March 16, 1978

Introduced by Schmit, 23

AN ACT to adopt the Nebraska Capital Expansion Act; and to declare an emergency.
Be it enacted by the people of the State of Nebraska,

Section 1. It is hereby declared that the lending of money is an activity which affects the economic conditions of the State of Nebraska, and that Nebraska is a state short of sufficient capital to properly serve the needs of the state, especially the agricultural credit requirements and housing credit requirements, and that if additional funds are deposited into the commercial banking channels and building and loan association channels the available capital will increase many times the amount of the initial deposit.

Sec. 2. As used in this act, unless the context otherwise requires:

(1) Bank shall mean any national bank with its principal office in this state or any bank which is chartered to conduct a bank in this state as provided by sections 8-115 and 8-116, Reissue Revised Statutes of Nebraska, 1943;

(2) Building and loan association shall mean any building and loan association organized under Chapter 8, article 3, Reissue Revised Statutes of Nebraska, 1943, or any federal savings and loan association with its principal office in this state;

(3) Time deposit-open account shall mean a bank account or a deposit with a building and loan association with respect to which there is in force a written contract which provides that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, prior to the date of maturity, which shall be not less than thirty days after the date of the deposit, or prior to the expiration of the period of notice which shall be given by the state investment officer in writing not less than thirty days in advance of withdrawal. The time deposit-open account contract shall be uniform and shall be furnished by the state investment officer with prior approval of such form by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to each bank and building and loan

association for execution;

(4) Equity capital shall mean capital, surplus, undivided profits, federal insurance reserves, and contingency reserves; and

(5) Funds available for investment shall mean all funds over which the state investment officer has investment jurisdiction less those funds necessary for operations and except those funds which are eligible for long-term investment.

Sec. 3. The state investment officer shall, out of funds available for investment, cause to be offered to all banks and building and loan associations in this state a time deposit-open account in the amount of one hundred fifty thousand dollars, except that any bank or building and loan association may accept such offer in amounts of one hundred thousand dollars or fifty thousand dollars. Such deposit shall be available at any investment date to such banks or building and loan associations as are willing to meet the rate and other requirements set forth in this act and make application therefor. The balance of the funds available for investment shall then be offered at the same rate to the banks and building and loan associations making application for and otherwise qualifying for such deposit. Such deposit shall be offered in increments of fifty thousand dollars. No deposit shall be made when doing so would violate a fiduciary obligation of the state. All funds not investable under this section shall be invested as provided by section 72-1246, Reissue Revised Statutes of Nebraska, 1943. No one bank or building and loan association may receive for deposit a sum of more than five hundred thousand dollars or an amount not to exceed the amount covered by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, plus twice the institution's equity capital or net worth or as otherwise provided for by law, whichever is less.

Sec. 4. Funds shall be offered for deposit as they become available. The time of such deposit shall be known as an investment date. The state investment officer may make prudent interim investments. If the funds available for investment are less than the amount required for banks or building and loan associations qualified for the applicable minimum deposit of one hundred fifty thousand dollars, the state investment officer shall prorate the available funds among the desiring banks or building and loan associations.

Sec. 5. The state investment officer shall fix the rate of interest to be paid on deposits and the term of deposits to be offered on the first day of each month. The rate per annum for each period shall be equal to the interest rate paid for other qualified investments of equal term available for investment by the state investment officer. It is the Legislature's intent that the state receive a competitive rate from Nebraska banks and building and loan associations, but that rates received should not exceed the rates that would be paid for other qualified investments.

Sec. 6. The Nebraska Investment Council shall adopt and promulgate rules and regulations to: (1) Establish procedures for the distribution of funds to banks and building and loan associations; and (2) establish reporting requirements semiannually, as of June 30 and December 31, to report loans to deposit percentages, gross loans, gross deposits, and equity capital.

Sec. 7. For purposes of investment under this act, the state investment officer shall combine and pool all investable funds of all state agencies subject to his investment powers except when doing so would violate a fiduciary obligation of the state. The interest earned on any pooled investment shall be prorated in accordance with the participation of the respective funds.

Sec. 8. Notwithstanding any other provision of law, every bank and building and loan association shall be eligible for the maximum investment offered to all banks provided for in section 3 of this act and no pledging of assets of any bank or building and loan association shall be required for any investment under this act.

Sec. 9. This act shall be known and may be cited as the Nebraska Capital Expansion Act.

Sec. 10. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.