

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 734**

Introduced by Schumacher, 22.

Read first time January 09, 2014

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to the deposit and investment of public funds; to  
2 amend sections 77-2302 and 77-2365.01, Reissue Revised  
3 Statutes of Nebraska; to provide for the deposit of  
4 public funds with credit unions; and to repeal the  
5 original sections.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2302, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-2302 For purposes of any law requiring a bank, capital  
4 stock financial institution as defined under section 77-2366, or  
5 qualifying mutual financial institution as defined under section  
6 77-2365.01 to secure the deposit of public money or public funds in  
7 excess of the amount insured by the Federal Deposit Insurance  
8 Corporation, references to amounts insured by the Federal Deposit  
9 Insurance Corporation shall include amounts guaranteed by the Federal  
10 Deposit Insurance Corporation and the National Credit Union  
11 Administration.

12           Sec. 2. Section 77-2365.01, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14           77-2365.01 (1)(a) Notwithstanding any other provision of  
15 law, any local ordinance, regulation, or resolution, or any rule or  
16 regulation to the contrary, the funds of this state or any political  
17 subdivision of the state may be deposited, by the appropriate  
18 custodians of such funds, with qualifying mutual financial  
19 institutions to the same extent and subject to the same terms,  
20 conditions, and limitations, including collateralization required, if  
21 any, as may be otherwise provided for the deposit of such funds in  
22 banks and capital stock financial institutions. In making such a  
23 deposit of public funds, it shall not be necessary for the state or  
24 any political subdivision to become an owner of any interest in the  
25 qualifying mutual financial institution or to acquire voting rights

1    therein, and a qualifying mutual financial institution is authorized  
2    and empowered to receive public funds under these conditions.  
3    Qualifying mutual financial institution means a state or federal  
4    mutual building and loan association, a state or federal mutual  
5    savings and loan association, a state or federal mutual savings bank,  
6    ~~or~~ a state or federal mutual organized bank, or a state or federal  
7    credit union, which has a main chartered office in this state, any  
8    branch thereof in this state, or any branch in this state of a  
9    qualifying mutual financial institution which maintained a main  
10   chartered office in this state prior to becoming a branch of such  
11   qualifying mutual financial institution, which, by its charter and  
12   bylaws, restricts the rights of the state or a political subdivision  
13   as an account holder as follows:

14           (i) Interest in the qualifying mutual financial  
15   institution is limited to the withdrawal value of the state's or the  
16   political subdivision's account;

17           (ii) The state or the political subdivision has no voting  
18   rights in the qualifying mutual financial institution; and

19           (iii) The state or the political subdivision has no  
20   entitlement to any distribution of assets upon voluntary or  
21   involuntary liquidation, dissolution, or winding up of the affairs of  
22   the qualifying mutual financial institution.

23           (b) To the extent any deposit in any bank is:

24           (i) Required to be subject to check or draft, then such  
25   deposit may be subject to order; and

1           (ii) Required to be made, maintained, or otherwise dealt  
2 with by reference to the capital of any bank, then it may be so made,  
3 maintained, or dealt with by reference to the capital or net worth of  
4 such qualifying mutual financial institution, and if by reference to  
5 the undivided profits, capital notes, debentures, or other capital  
6 items of any bank, then to any unimpaired reserves, capital notes,  
7 and debentures or comparable capital items of such qualifying mutual  
8 financial institution.

9           (2) To the extent the state or a political subdivision is  
10 or may ever be required by law to deposit funds in a bank, the state  
11 or political subdivision shall, to the same extent and subject to the  
12 same terms, conditions, and limitations, including collateralization  
13 required, be required to make deposits in a qualifying mutual  
14 financial institution on the same basis.

15           (3) The restriction in subdivision (1)(a)(iii) of this  
16 section shall not apply to the interest of the state or political  
17 subdivision in any security required by law to be furnished by the  
18 qualifying mutual financial institution.

19           (4) A qualifying mutual financial institution that amends  
20 its charter or bylaws in such a manner that it no longer meets the  
21 restrictions set forth in subdivisions (1)(a)(i) through (iii) of  
22 this section shall immediately give notice that it is no longer a  
23 qualifying mutual financial institution to the custodial official, as  
24 that term is defined in section 77-2387, of every state and political  
25 subdivision depositor, and that the state or political subdivision

1 must immediately withdraw its deposits.

2                   (5) This section shall be applied in a manner consistent  
3 with the intention of the Legislature which is to provide for the  
4 deposit of funds of the state or any political subdivision in  
5 qualifying mutual financial institutions.

6                   Sec. 3. Original sections 77-2302 and 77-2365.01, Reissue  
7 Revised Statutes of Nebraska, are repealed.