

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB170

Chairperson: Senator Mike Gloor

Committee: Banking, Commerce and Insurance

Date of Hearing: February 05, 2013

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The Nebraska Educational Finance Authority ("NEFA") is currently authorized to be a conduit issuer of tax exempt bonds for private not-for-profit colleges. The Authority, created by statute in 1982, is governed by a Board appointed by the Governor, receives no state general funds, and operates entirely with user fees. Bonds issued by the Authority are not obligations of the State of Nebraska or any political subdivision.

LB 170 would allow NEFA to be a conduit issuer for private not-for-profit hospitals and certain not-for-profit social service organizations. Hospitals and the social service organizations would not be required to issue bonds through NEFA, but LB 170 would give both institutions the option to choose NEFA or any other conduit issuer.

Current law requires hospitals or other not-for-profit social services organizations to utilize more than one conduit issuer when bond proceeds will be used outside the originating authority. For example, when a hospital builds and bonds a satellite facility at a location outside of the existing hospital authority, both the originating hospital authority and the new location hospital authority would be required to serve as conduit issuers. Under LB 170, the hospital would have the option to authorize one bond issuance through NEFA, which would result in reduced issuance costs and on-going compliance costs.

LB 170 also renames NEFA the Nebraska Educational, Health, and Social Services Finance Authority to more accurately describe its duties and bring it in alignment with similar statues in other states. The NEFA board would be required to add a member representing hospitals and a member representing social service organizations. Board members would be authorized to participate in board meetings by tele-conference so long as there was a physical location where members of the public could still attend the meeting, among other restrictions.

Principal Introducer: _____

Senator Mike Gloor