

One Hundred Third Legislature - Second Session - 2014

Introducer's Statement of Intent

LB788

Chairperson: Senator Mike Gloor

Committee: Banking, Commerce and Insurance

Date of Hearing: January 21, 2014

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

LB 788 is designed to enhance access to capital markets for governmental units by providing that general obligation bonds, notes and other financing obligations of governmental units have a statutory lien on bond-pledged revenue sources, as defined in the legislation.

LB 788 is a response to an element of uncertainty which has emerged nationally with regard to the priority of certain financial obligations of insolvent public entities that seek the protection of the U. S. Bankruptcy courts. Although it is reasonably believed the holders of the bonds of Nebraska public entities would receive priority for payment in the bankruptcy courts, and although the probability of the insolvency of a Nebraska public entity is extremely low, prudent policy would have the Legislature proactively affirm the payment priority of such bonds and thereby assure their priority, integrity, and marketability.

Principal Introducer: _____

Senator Paul Schumacher