



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 125

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 29, 2007

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

LB 125 is a bill introduced at the request of the Nebraska Department of Banking and Finance. Its primary purpose is to revise and update section 8-148.04 of the Nebraska Banking Act which allows banks to make investments in community development investment companies (CDC). Two amendments to section 8-148.04 are contained in the bill.

The first amendment would change the maximum aggregate investment a state-chartered bank can make in CDCs from 10% of its capital and surplus to 15% of its capital and surplus. This amendment will allow a state-chartered bank to invest a greater overall amount in one or more CDCs. The amendment will provide parity with an identical increase for national banks provided in the Financial Services Regulatory Relief Act of 2006, and could be of benefit to the economic development of Nebraska communities.

The second amendment would repeal the provision which requires banks to account for CDC investments as "other assets." Depending on the amount of a bank's investment in a community development project, that accounting designation is no longer always correct. CDC investments will be accounted for under generally accepted accounting principles and bank call report instructions if this amendment is adopted.

Principal Introducer:

Senator Rich Pahls