



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 377

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 2, 2009

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

LB 377 would adopt the Nebraska Governmental Unit Credit Facility Act. The Act would allow a political subdivision to back its bonds with letters of credit from a United States governmental enterprise or from a bank that is backed by United States governmental enterprise. The Act would also allow a political subdivision that uses this process to obtain greater security and lower interest rates for the bonds.

The immediate advantage of enacting LB 377 would be to allow political subdivisions in Nebraska to take advantage of a federal law change approved by Congress on July 30, 2008, under the Housing and Economic Recovery Act (P.L.110-289). This change would permit Federal Home Loan Banks to issue letters of credit to guarantee tax-exempt municipal bonds for a wide range of projects through December 31, 2010. Under the new law, Federal Home Loan Bank letters of credit could be used to support tax-exempt municipal bonds for any economic development project without jeopardizing the tax-exempt status of the bonds.

Principal Introducer: _____
Senator Dave Pankonin