

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB279

Chairperson: Senator Mike Gloor

Committee: Banking, Commerce and Insurance

Date of Hearing:

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

LB 279 is a bill introduced at the request of the Nebraska Department of Banking and Finance relating to loan brokers, the Nebraska Installment Loan Act and the Delayed Deposit Services Licensing Act.

The bill would do the following:

LOAN BROKERS

The bill would clarify the definition of a 'loan broker' by placing the exclusions from the definition in a separate subsection.

Current law listing the excluded entities contains the proviso "subject to regulation or supervision under the laws of the United States or this state" at the end of the definition and this has caused some confusion as to whether it applies to all of the excluded entities.

The amendment specifies the entities to which the phrase is applicable.

(§45-190(5)); (Section 1 of the bill). The bill would also amend the loan broker exemption statute to narrow the exemption for an accountant to an exemption for a certified public accountant, because such persons have a verifiable professional license, as is currently required for other persons exempted by the law.

The current exemption allows anyone calling himself/herself an accountant to claim the exemption. A recent scam was perpetrated by an "accountant" claiming exemption from the Loan Broker Act. (§45-191.10) (Section 2 of the bill).

DELAYED DEPOSIT SERVICES LICENSING ACT

The bill would authorize the Department to share examination reports and other confidential information with the Consumer Financial Protection Bureau (CFPB) and other state regulators.

Previously there was no need for a specific statute in the Act because there was no national regulator for payday lenders.

The CFPB, which was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, has started examinations of the companies that have multi-state operations. The Department expects to participate in some of those examinations.

Information sharing among regulators leads to greater efficiencies for the agencies and the industries and allows for coordinated enforcement.

(§45-920); (Section 3 of the bill).

INSTALLMENT LOAN ACT

The bill would repeal obsolete references to transitional language and the start date relating to the transition of the licensing process for installment loan companies onto the Nationwide Mortgage Licensing System and Registry. (§45-1008, §45-1013 and §45-1018); (Sections 4, 5, and 6 of the bill).

Principal Introducer: _____

Senator Pete Pirsch