

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB239

Chairperson: Senator Brett Lindstrom

Committee: Banking, Commerce and Insurance

Date of Hearing: January 30, 2017

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

Legislative Bill 239 would amend the Burial Pre-Need Sale Act to address the distribution of excess income in a trust. Under current law, a pre-need seller must distribute all income in a trust annually. If income is available, a cost of living adjustment (COLA) is retained in the trust and the extra income is distributed to the seller. If the trust fails to make sufficient income or loses principal in a year, the COLA adjustment for that year is never made. Even when the trust earns excess interest in future years, that previously lost COLA adjustment is not required to be made up before excess income is distributed to the pre-need seller. LB 239 solves this issue by removing the requirement to make an annual distribution and by requiring a seller to provide all COLA increases, including any missed COLA increases from prior years, before receiving income.

Principal Introducer: _____

Senator Roy Baker