

ONE HUNDRED SIXTH LEGISLATURE - SECOND SESSION - 2020
COMMITTEE STATEMENT
LB854

Hearing Date: Tuesday January 28, 2020
Committee On: Banking, Commerce and Insurance
Introducer: Williams
One Liner: Change provisions under the Public Funds Deposit Security Act relating to secured deposits and pooled collateral

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Gragert, Howard, Kolterman, La Grone, Lindstrom, McCollister, Quick, Williams

Nay:

Absent:

Present Not Voting:

Oral Testimony:

Proponents:

Senator Matt Williams
Bob Hallstrom

Representing:

Introducer
Nebraska Bankers Association

Opponents:

Representing:

Neutral:

Mark Quandahl

Representing:

Nebraska Department of Banking and Finance

Summary of purpose and/or changes:

This bill would amend sections 77-2398 and 77-23,100 of the Public Funds Deposit Security Act to make clarifying changes. Under this act, a depository financial institution subject to a requirement by law to secure the deposit of public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation may give security by (1) furnishing securities or (2) providing a deposit guaranty bond in satisfaction of the requirement.

The bill would amend the act to make a few changes in provisions regarding what is called the "single bank pooled method." The bill would provide as follows:

Section 1 would amend section 77-2398 to provide that a financial institution may not retain any deposit of public funds which is required to be secured unless, within ten days or such shorter period as has been agreed upon by the financial institution and the Director of Banking and Finance, it has secured the deposits for the benefit of the governmental units having funds with such financial institution.

Section 2 would amend section 77-23,100 to provide that the statements containing information relating to public funds and pledging requirements relate to "governmental units" rather than "custodial officials". Reports to be provided to governmental units by the administrator of the single bank pooled method for providing security are to be provided within 20 days after the "deadline" for receiving reporting statements from participating financial institutions. The requirements for reports to be "provided" to governmental units may be satisfied by posting the report on the administrator's website

for access by participating governmental units.

Section 3 provides for repealers.

Section 4 provides for the emergency clause.

Explanation of amendments:

The committee amendments are recommended by the Department of Banking and Finance.

First, the committee amendments would insert an inadvertently omitted occurrence of "or administrator."

Second, the bill as introduced, would provide that the requirements for reports to be provided by the administrator to governmental units may be satisfied by posting the report on the administrator's website for access by participating governmental units. The committee amendments would provide that reports are so provided if the governmental unit has agreed in advance to receive reports by accessing the administrator's website.

Matt Williams, Chairperson