

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 591

Introduced by Ballard, 21.

Read first time January 22, 2025

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to the Nebraska Installment Loan Act; to amend
2 section 45-1004, Reissue Revised Statutes of Nebraska, and section
3 45-1003, Revised Statutes Cumulative Supplement, 2024; to change
4 provisions relating to when licenses are required; to provide powers
5 to certain licensees relating to affiliates; to define terms; to
6 harmonize provisions; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 45-1003, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 45-1003 No financial institution is eligible for a license or to
4 make loans under the Nebraska Installment Loan Act.

5 A license shall be required for any person that is not a financial
6 institution who, at or after the time a loan is made by a financial
7 institution, markets, owns in whole or in part, holds, acquires, or
8 services ~~, or otherwise participates in~~ such loan.

9 **Sec. 2.** Section 45-1004, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 45-1004 (1)(a) Any person may, after procuring a license from the
12 department, engage or continue in the business of making loans of money
13 and charge, contract for, and receive the maximum for interest and other
14 charges in accordance with the authorization and requirements of the
15 Nebraska Installment Loan Act.

16 (b) A license shall also be required for any person that services,
17 or that holds or acquires any rights of ownership interest ~~, servicing,~~
18 ~~or other forms of participation in,~~ a loan under the Nebraska Installment
19 Loan Act or that engages with, or conducts loan activity with, an
20 installment loan borrower in connection with a loan under the act.

21 (2)(a) A license is not required for an affiliate of a licensee if
22 the activities of the affiliate in this state are limited solely to the
23 securitization of loans made by the licensee and the servicing rights to
24 the loans are retained by the licensee or assigned or otherwise
25 transferred to a financial institution, licensee, or permittee.

26 (b) For purposes of this subsection:

27 (i) Affiliate means an entity that controls, is controlled by, or is
28 under common control with another entity;

29 (ii) Control means to own directly or indirectly or to control in
30 any manner twenty-five percent of the voting shares of an entity or to
31 control in any manner the election of the majority of directors of any

1 entity; and

2 (iii) Securitization means the placing of individual installment
3 loans made by licensees into a commingled or pooled security that is
4 subsequently sold or otherwise transferred to another entity.

5 (c) Nothing in this subsection shall be construed to exempt a
6 licensee or affiliate from the Securities Act of Nebraska.

7 (3)(a) Notwithstanding any other licensee limitations set forth in
8 the Nebraska Installment Loan Act, a licensee that controls or owns fifty
9 percent or more of the equity ownership of one or more affiliates which
10 are subject to licensure under the act may, on behalf of each such
11 affiliate:

12 (i) Apply to the department for the license, pay the original
13 licensee fee, and submit background checks pursuant to section 45-1005
14 and may complete all other requirements necessary to obtain a license
15 under the act for each such affiliate; and

16 (ii) Consolidate all compliance obligations, including, but not
17 limited to, examinations, reporting requirements, audits, and
18 investigations, with respect to any such affiliate. The licensee shall
19 have the right to satisfy any such compliance obligations under the act
20 on behalf of any such affiliate.

21 (b) For purposes of this subsection:

22 (i) Affiliate has the same meaning as in subsection (2) of this
23 section; and

24 (ii) Control has the same meaning as in subsection (2) of this
25 section.

26 **Sec. 3.** Original section 45-1004, Reissue Revised Statutes of
27 Nebraska, and section 45-1003, Revised Statutes Cumulative Supplement,
28 2024, are repealed.