One Hundred Ninth Legislature - Second Session - 2026

Introducer's Statement of Intent

LB783

Chairperson: Senator Mike Jacobson

Committee: Banking, Commerce and Insurance

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

LB 783 is the Uniform Assignment for Benefit of Creditors Act promulgated by the Uniform Law Commission in 2025.

Assignment for benefit of creditors (an "ABC") is an efficient and flexible mechanism to wind up a distressed business.

The use of an ABC to liquidate the assets of a failing business is rooted in the common law, but many states have detailed ABC statutes that vary widely. Nebraska has not had an ABC statute since 1945, and the Nebraska courts have not recognized the common law of ABCs. Such inconsistencies among the states and in Nebraska impair the utility of ABCs and the frequency with which ABCs are used. LB 783 addresses such problems by cementing the common law in statute and providing updates that modernize the law and give clarity to assignors, assignees, and creditors alike.

In an ABC, a financially distressed business (an assignor) transfers ownership and control of its assets to an assignee, who acts as a fiduciary and owes such duties as loyalty and impartiality to all creditors of the business. The assignee sells the business's assets with the goal of maximizing value and distributes the proceeds to pay creditor claims.

LB 783 creates an effective alternative to bankruptcy and receivership processes. An ABC is better than the the alternatives in five significant ways: (1) it is debtor-initiated; (2) it does not require judicial supervision or a bond; (3) it imposes fiduciary duties upon the assignee in favor of creditors; (4) it aims to maximize the value of the business's assets for the benefit of all creditors; and (5) it encourages cooperation among all parties by aligning their goals.

Principal Introducer: _____

Senator Bob Hallstrom