

bill advanced and then got held on Select File when I argued that it should not advance unless we had more legislative input into bank structure issues. Well, to make good on that concern this summer, I asked that representatives of the Nebraska Banking Association, the Nebraska Independent Bankers Association, FirstTier, Norwest, First National of Omaha, NBC, and the State Banking Department meet and confer on whether or not there was a body of bank structure policy that both large and small bank interests could agree on. It was my hope that we could draw some very simple rules that would apply across the state, taking into account what I think are the two Nebraska's that are out there. The Nebraska of small town agricultural oriented Nebraska, in which capital is not very prevalent and needs to be very patient and winds up having a rate of return perhaps lower than the rate of return in more urban areas and more commercially diverse areas. The other Nebraska is that urban area, that context that has a lot of floating capital, it has a lot of loans in a wide variety and a very diverse marketplace, lot of interest in going to the national money markets, and one in which there is very open and very fierce competition for deposits. We initially suggested a package of ideas that called for some home office protection below a certain population level and de novo branch banking for areas above that. We ran that up the flag at various associations, we talked to a number of bankers, we discussed the issue for the summer and the early part of the year. Eventually, we found that one of the pieces that had gone into our thinking no longer was applicable, and this was the concern of federal legislation on the bank structure issue. At one time the Bush administration was plumping for nationwide interstate banking, nationwide branch banking, and with the potential opt out provision for states to be able to exercise. This had been part of our thinking. That bill ultimately failed before the legislative session. Our thinking, anyway, at that point underwent a significant change. What we found was we found that we fell back on some old political agendas of banks that were concerned about their growth patterns, and those concerns wound up being linked to a relatively new concern of a legal nature. Now, let me tell you what this relatively new concern is, because it's something that's sprung up in the last year and a half or so in the Midwest. We have two systems of regulation of banking, one at the state level, one at the national level. National banks are regulated by the national regulators, we are in control of state banks and state S & L's, institutions that are chartered under our laws. One of the rules for national