

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

April 6, 2000

LB 932

profitable for a bank to hold a lot of these kinds of securities. If they could be freed up from those securities and get them into more income producing securities they'd make more money. By offering the pool, banks should be able to lower the rates of cost and increase the amount of interest given to political subdivisions who deposit with them. In states where this has been done we have, on record, evidence that the political subdivision wins by having a higher rate of return for participating in a pool. Those are the major concepts in this amendment. I'd be happy to answer any questions. I will renew my light because I know Senator Beutler has an amendment that I want to agree to but I, of course, will comment on it and I'll also take time to close as well. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Landis. Mr. Clerk.

CLERK: Senator Beutler would move to amend Senator Landis' amendment. (FA397, Legislative Journal page 1635.)

PRESIDENT MAURSTAD: Senator Beutler, you're recognized to open.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, I consider these very friendly amendment. Both of them are designed...both of the concepts, other than a third very technical one, both of the concepts are designed to try to protect the public entity or the public official known in the bill as the custodial official, who's relying upon these securities to protect the public funds. And part of this process involves only certain securities being placed in...in with the trust, and these securities are identified specifically in the statutes and are on the very conservative side of the investment portfolio possibilities. So what this amendment says is that the qualified trustee, the one who's going to be holding these deposits, shall not accept any security which is not listed in subsection (10). That's...those are the list...lists...that's the list of the acceptable securities. And the reason for that is it makes...it makes it clearly the responsibility of the trustee to be sure that the bank is not putting in there any securities that are less than those conservative ones outlined in subsection (10). In other words, the custodial official can rely upon the trustee and less sophisticated custodial officials that perhaps represent small