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indefinitely. Number two, centralized management, the LLC would have to have a centralized management component. Number three, limited liability, it should have a limited liability component to encourage the maintenance of adequate capital. And four, finally, it needs to have a transferability of ownership interest. A banking institution that is chartered as an LLC under the law of any state that has any of the above or the four attributes that I just mentioned would be considered by the FDIC now to be incorporated under the law of the state for the purposes of the definition of state bank ineligible to apply for federal deposit insurance through the FDIC. When the ultimate ability of an LLC to conduct business as a state-chartered bank is subject to finalization of these FDIC rules and then also some modification of some IRS regs and perhaps further amendments to federal law, the adoption of LB 127 would remove that impediment to this activity that exists currently in the state of Nebraska. And so I would urge the advancement of LB 127.

SENATOR CUDABACK: Thank you, Senator Quandahl. You've heard the opening on advancement of LB 127 to E & R Initial. Open for discussion on that motion, Senator Redfield.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. Senator Quandahl, this is green. It's not beige. It's green. I don't really use green because actually what we're talking about here in the bill is money, and that is an issue that I did bring before the committee. You will notice on the committee statement I did vote for the bill. I had a concern at the time that it came before us whether, in fact, we would be creating a tax advantage for the banking institutions because, quite honestly, we look at the S Chapter corporation status that we give in this state, and there is an advantage. And we have not allowed banks to be limited liability companies before. So I asked the committee to hold it for awhile until we could do some checking on the tax status and, in fact, we found that we did have banking institutions that were S Chapter corporations. So we went ahead and we advanced the bill and I was comfortable with that. Since that time, I have found out, however, that there are some distinct differences between the S Chapter and the LLC. The S Chapter is limited to 75 stockholders. An LLC