

January 10, 1989

LB 313-323
LR 5

Executive Board, Room 2102 for purposes of referencing, right now.

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: More bill introductions.

CLERK: Mr. President, new bills. (Read LB 313-322 by title for the first time. See pages 167-69 of the Legislative Journal.)

Mr. President, in addition to those items, I have a Reference Report referring LB 238 through 279.

Mr. President, new resolution. (Read LR 5 for the first time. See pages 171-73 of the Legislative Journal.) Mr. President, that resolution will be laid over.

Mr. President, I have one last bill. (Read LB 323 by title for the first time. See page 173 of the Journal.) That is all that I have, Mr. President.

SPEAKER BARRETT: Thank you, Mr. Clerk. The Chair recognizes Senator Crosby.

SENATOR CROSBY: Mr. Chairman, there being no further business to come before this body at this time, I respectfully move that we adjourn until Wednesday morning, January 11th at nine o'clock. Thank you.

SPEAKER BARRETT: Thank you, Senator Crosby. You've heard the motion to adjourn. Those in favor say aye. Opposed no. Ayes have it, motion carried, we are adjourned.

Proofed by:

Arleen McCrory
Arleen McCrory

January 25, 1989

LB 13, 18, 19-32, 58, 62, 70, 115
128, 134, 142, 156, 255, 279, 283
284, 296, 298, 312, 321, 322

SPEAKER BARRETT: Thank you. You have heard the closing on the advancement of 134. Those in favor of the motion to advance the bill please vote aye, opposed nay. Have you all voted on the advancement of LB 134? Record, please.

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of 134.

SPEAKER BARRETT: LB 134 is advanced to E & R. Anything for the record, Mr. Clerk?

CLERK: Mr. President, I do. Thank you. Your Committee on Transportation, whose Chair is Senator Lamb, to whom was referred LB 115, instructs me to report the same back to the Legislature with the recommendation it be advanced to General File; LB 283, General File; LB 284, General File; LB 58, General File with amendments; LB 142, General File with amendments; LB 156, General File with amendments; and LB 128 indefinitely postponed. Those are signed by Senator Lamb. (See pages 439-41 of the Legislative Journal.)

General Affairs Committee, whose Chair is Senator Smith, reports LB 298 to General File, LB 70 to General File with amendments, and LB 62 indefinitely postponed. Those signed by Senator Smith as Chair. (See page 441 of the Legislative Journal.)

Your Committee on Education, whose Chair is Senator Withem, reports LB 312 to General File with amendments. That is signed by Senator Withem. Banking, Commerce and Insurance reports LB 279 to General File; LB 296, General File; LB 321, General File; LB 322, General File; those signed by Senator Landis as Chair. (See page 442 of the Legislative Journal.)

Mr. President, I have hearing notices from the Natural Resources Committee, signed by Senator Schmit; Health and Human Services, signed by Senator Wesely. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LB 13, LB 18, LB 19, LB 20, LB 21, LB 22, LB 23, LB 24, LB 25, LB 26, LB 27, and LB 28, and LB 29, LB 30, LB 31, and LB 32. The next bill, Mr. Clerk, LB 255.

directors of the bank. Loans that we make to the director or loans that we make to the businesses controlled by a director should also be put on the record so they're easily monitored by the department. That's the basic change in 321. We also move a sentence from one paragraph to another. That sentence is "any loans made pursuant to this section shall be subject to the lending limits set forth in Section 8-141", because the last time this area was amended they moved that sentence and the department wanted to make sure that all of the loans mentioned in this section are subject to the loan limit, not just the first half of the loans, the sentence was midway through the paragraph. They wanted it at the bottom of the paragraph, if you will, so it was clear it covered all loans. If you want to know what that is, by the way, the lending limit in 8-141 is a limitation that says that the bank may not make a loan of greater than 25 percent of its capital surplus debentures to any single corporation. So that's what we're referring to on the lending limit. I would move for the advancement of LB 321.

PRESIDENT: The question is the advancement of LB 321. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

ASSISTANT CLERK: 28 ayes, 0 nays on the motion to advance the bill, Mr. President.

PRESIDENT: LB 321 advances. LB 322.

ASSISTANT CLERK: LB 322 was introduced by the Banking, Commerce and Insurance Committee. (Read title.) The bill was read for the first time on January 10. It was referred to the Banking Committee. They report the bill back to General File without committee amendments, Mr. President.

PRESIDENT: Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. President. This is the matching Banking Department bill. It was brought to us by Cynthia Milligan. Currently, if you serve on the board of directors for a state chartered bank, there is an obligation that you own one share of stock. Now that old rule dates back 60 or 70 years. We asked Director Milligan why that rule was there. She turned around and asked the expert and they both shook their heads and scratched their brows and said, well, we don't know exactly why that rule is there but it's been there a long time. The only

things that we could think of were, number one, if you were a shareholder, you would have notice of any stockholders' meetings. The second theory might be that, by having a share of stock, it's clear that you have a pecuniary or financial interest in the operation. If you serve on the board of directors, by making sure you have a financial amount at stake, it's clearer to prove or to establish the idea that the board of director has a fiduciary responsibility to protect the bank's efforts and, consequently, would be a conflict of interest if the director did anything other than follow a fiduciary responsibility in working on the bank. No matter what, that theory, that requirement is there and has been for a long time, one stock of bank ownership. Well, over time we have allowed holding companies to obtain the stock of small state chartered banks. As a matter of fact, 69 percent of our 291 state chartered banks are now owned in whole or in part by holding companies. So this bill says the board of director member may either have a share of stock in the bank itself or a share of stock in the holding company that owns the bank, either one will suffice for the statutory requirement. Since the requirement has, at this point, no theory that we can justify having it, I'm not too worried about where we have to have your share of stock. I guess it would be just as easy to have it in the holding company as the bank itself and I would move for the advancement of LB 322 that makes this minor change.

PPRESIDENT: Thank you. Senator Coordsen, please.

SENATOR COORDSEN: Thank you, Mr. President, members of the body, a question for Senator Landis if he would, please.

PRESIDENT: Would you respond, Senator Landis, please.

SENATOR LANDIS: Sure.

SENATOR COORDSEN: You addressed a little bit in the end of your opening statement the rationale between an "either" or an "or". In my patchwork quilt personal history, there lies one share of stock in a bank that was held by a holding company. In the process of doing that, most of the...the bank originally was a family owned bank and was sold to a holding company, as a matter of explanation. After it was sold to the holding company, then the...many of the decisions relative to that bank were made by the board of the holding company and the directors of the bank basically existed to look over the loans and more or less ratify

the decisions of the holding company without having participated in those decisions, although still being liable to that. I would ask the question, is it really a good idea to have the "or" or perhaps should it be "and" the holding company, if any? I know you talked about that just a little bit. Thank you.

PRESIDENT: Thank you. Senator Landis, would you like to close?

SENATOR LANDIS: Well, I'll respond to that question.

PRESIDENT: Oh, excuse me.

SENATOR LANDIS: I'm not sure whether a closing is necessary, Mr. President. Senator Coordsen asks perhaps we should have language in there that says, own a share of stock in the bank and a share of stock in the holding company since the holding company may make some kind of a decision that affects the bank. Sixty-nine percent of state chartered banks are held by holding companies; 31 percent aren't. An "and" won't work for the 31 percent that aren't owned by a holding company. Now you could draft one that says, if the bank is held by a holding company, then in that case the director should have two shares of stock; now, one in the bank itself, one in the holding company. It would be a relatively minor task for anybody to do, I suppose. My guess is that they currently have separate treatment in the statute, if you're a member of the board of directors of the holding company, you can have a share of stock in the holding company, if now...and if you're a member of the board of directors of the bank, you've got a share of stock in the bank and this only changes one side of that flow from bank to holding company, you can have either one. If you do it, you're probably going to have some people that are out of compliance and, secondly, as far as we can tell, there is very little to be gained. When asked by the Director of Banking why we required people to do this, the Banking Director didn't have a good reason and said, well, we've always done it this way and maybe it's because this way you're part...you're given notice of the shareholders' meetings. And that's it. Could you do it? Yes, you could. And if you did it, it would be different than what the director has asked for. I can't imagine that it would bring the world to a crashing halt. It will probably make somebody scurry out and go buy a share of stock in a holding company to qualify. And if you want to do that, George, you're entirely welcome to do so.

SENATOR COORDSEN: I asked a question.

SENATOR LANDIS: Now, back to George for the rest of his time.

SENATOR COORDSEN: Oh, okay, still on my time?

PRESIDENT: Yes.

SENATOR COORDSEN: The question...a little bit...was talking about the reason for that, as the reason was explained to me for these one-share directors that existed out there was in the old days and in many small banks today they were closely held family corporations and I think the intent of the regulators were to provide for nonfamily directors and to make it available to them to have one share or an interest in the bank. That was the explanation for that. I don't know whether this would affect the law or not because the bill, as presented to us, already says holding company, if any. But I'm not going to offer an amendment. That was the question and thank you, Senator Landis.

PRESIDENT: Thank you. Senator Landis, now would you like to close, please.

SENATOR LANDIS: I will move for the advancement of LB 322.

PRESIDENT: Okay, the question is the advancement of the bill. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of 322.

PRESIDENT: LB 322 advances to E & R Initial. (Gavel.) If I could have your attention just a moment, please, your Speaker has an announcement that you will be interested in, I'm sure. Speaker Barrett.

SPEAKER BARRETT: Thank you, Mr. President, and members. My office has just been notified of the death of Senator Dick Peterson's mother this morning in Norfolk. It's my understanding that the services will be held either Wednesday or Thursday of this week at Madison, at the United...or Trinity United Methodist Church. Thank you.

PRESIDENT: Thank you, Speaker Barrett. Do you have something

January 31, 1989

LB 165, 177, 221, 279, 296, 312, 321
322

PRESIDENT NICHOL PRESIDING

PRESIDENT: Welcome to the George W. Norris Legislative Chamber. We have with us today as the chaplain of the day Reverend Carl Godwin of the Bible Baptist Church in Lincoln, Nebraska. Would you please rise for the invocation.

REVEREND GODWIN: (Prayer offered.)

PRESIDENT: Thank you, Reverend Godwin. Please come back to see us again. Roll call, please.

CLERK: I have a quorum present, Mr. President.

PRESIDENT: Thank you. Any corrections to the Journal today?

CLERK: No corrections, Mr. President.

PRESIDENT: Any messages, reports or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 312 and recommend that same be placed on Select File; LB 279, LB 296, LB 321, LB 165, LB 177 and LB 221, all placed on Select File, some having E & R amendments attached. (The Journal also shows LB 322 placed on Select File. See pages 515-16 of the Legislative Journal.)

PRESIDENT: May I just say that I do appreciate many of you coming, showing up for the convocation this morning. The prayer this morning was much nicer than yesterday when no one was here when we were ready for the morning prayer. Thank you for doing that. Also, under the south balcony we have a distinguished guest this morning. We have a former member of this legislative body, Mr. Lester Harsh from southwest Nebraska. Senator Harsh, would you please stand up so that we can see you and recognize you. Thank you for visiting us today, Senator Harsh. We will move on to motions, number 5, Credentials Committee by Senator Warner. Mr. Clerk.

CLERK: Mr. President, I have a report from the Credentials Committee. The motion is found on page 502 of the Journal. I might indicate, Mr. President, the report of the committee is actually found on page...starting on 502 and the pages thereafter. The motion would read as follows: (Read the Warner

February 7, 1989

LB 165, 296, 321, 322

SENATOR LINDSAY: Mr. President, I move that LB 296 be advanced.

PRESIDENT: You've heard the motion. All those in favor say aye. Opposed nay. It is advanced. LB 321.

CLERK: Senator, I have E & R amendments to LB 321.

PRESIDENT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move the adoption of the E & R amendments to LB 321.

PRESIDENT: You've heard the motion. All in favor say aye. Opposed nay. They are adopted.

CLERK: I have nothing further on that bill, Senator.

PRESIDENT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LB 321 as amended be advanced.

PRESIDENT: You've heard the motion. All in favor say aye. Opposed nay. It is advanced. LB 322.

CLERK: LB 322, Senator, I have no amendments to the bill.

PRESIDENT: Okay, Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LB 322 be advanced.

PRESIDENT: You've heard the motion. All in favor say aye. Opposed nay. It is advanced. LB 165.

CLERK: On 165, Senator, I have E & R first of all.

PRESIDENT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that the E & R amendments to LB 165 be adopted.

PRESIDENT: You've heard the motion. All in favor say aye. Opposed nay. They are adopted.

CLERK: Mr. President, Senator Chambers would move to amend the

February 8, 1989

LB 43, 80, 82, 92, 92A, 106, 113
116, 158A, 165, 166, 171, 172, 175A
177A, 177, 194, 200, 208, 238, 261A
267, 277A, 284A, 296, 312A, 312, 321
322, 353, 357, 369, 458, 459

PRESIDENT: Senator Nelson, would you object to the bracketing?

SENATOR NELSON: No. I just tried to get some attention on my mike. I didn't run up there at the front and no one asked me. I didn't say yes, I didn't say no, and it is all right with me to pass over the bill until February 22. As I've said many times, I'm willing to listen, I'm willing to learn, I'm willing to amend the bill as it is, but we're talking about a serious thing so I'm very willing.

PRESIDENT: May I ask, are there any objections to bracketing this bill until February 22? If so, now is the time to say so. If not, the bill is bracketed until February 22. Do you have anything for the record, Mr. Clerk?

CLERK: Mr. President, I do, thank you. Your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 92 and recommend that same be placed on Select File; LB 459 Select File; LB 458 Select File; LB 116 Select File; LB 267, LB 208, LB 92A, LB 158A, LB 175A, LB 177A, LB 261A, LB 277A, LB 284A, LB 312A, all on Select File. Those are signed by Senator Lindsay. (See pages 647-51 of the Legislative Journal.)

Mr. President, your committee on Transportation whose Chair is Senator Lamb reports LB 369 to General File with amendments. That is signed by Senator Lamb. Your Committee on Enrollment and Review reports LB 43, LB 80, LB 82, LB 106, LB 113, LB 165, LB 166, LB 171, LB 172, LB 177, LB 194, LB 200, LB 296, LB 312, LB 321, LB 322 and LB 353 all are reported correctly engrossed, Mr. President. That is all that I have at this time, Mr. President. (See page 651 of the Legislative Journal.)

PRESIDENT: Very good. We'll move on then LB 238.

CLERK: Mr. President, 238 was a bill that was introduced by Senator Hall. (Title read.) The bill was introduced on January 9, referred to Business and Labor, advanced to General File. I do have committee amendments pending by the Business and Labor Committee, Mr. President.

PRESIDENT: Senator Coordsen, are you going to handle those committee amendments?

February 13, 1989

LB 43, 48, 80, 82, 106, 113, 166
171, 172, 194, 200, 296, 321, 322
353

PRESIDENT: LB 321 passes. LB 322.

ASSISTANT CLERK: (Read LB 322 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 322 pass? All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

ASSISTANT CLERK: (Read record vote. See page 717 of the Legislative Journal.) The vote is 39 ayes, 0 nays, 10 excused and not voting, Mr. President.

PRESIDENT: LB 322 passes. LB 353.

ASSISTANT CLERK: (Read LB 353 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 353 pass? All those in favor vote aye, opposed nay. Have you all voted? Record, Mr. Clerk, please.

ASSISTANT CLERK: (Read record vote. See page 718 of the Legislative Journal.) The vote is 38 ayes, 0 nays, 1 present and not voting, 10 excused and not voting, Mr. President.

PRESIDENT: LB 353 passes. While the Legislature is in session and capable of transacting business, I propose to sign and do sign LB 43, LB 80, LB 82 with the emergency clause, LB 106, LB 113, LB 166 with the emergency clause, LB 171, LB 172, LB 194 with the emergency clause, LB 200, LB 296, LB 321, LB 322, and LB 353. We will move on to Select File, LB 48.

CLERK: Mr. President, LB 48 is on Select File. The body considered it briefly on Friday. At that time, Mr. President, Senator Bernard-Stevens had offered an amendment to the bill. The amendment is found on page 697 of the Journal.

PRESIDENT: Senator Bernard-Stevens, do you want to recall for us what your amendment is, please?

SENATOR BERNARD-STEVENS: Thank you, Mr. President, members of the body. Briefly recall the amendment, and I'll be up front with the body. I'm having a little trouble, in my own mind,

February 13, 1989

LB 43, 80, 82, 106, 113, 158A, 166
171, 172, 194, 197, 200, 260, 263
296, 321, 322, 332, 340, 353, 433
481, 717, 729, 731, 772, 773, 804
LR 15

SPEAKER BARRETT: Shall LB 263 be advanced? Those in favor say aye. Opposed no. Ayes have it, carried, the bill is advanced. For the record, Mr. Clerk, on the President's desk.

CLERK: Mr. President, your Committee on Revenue, whose Chair is Senator Hall, to whom was referred LB 260, instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments; LB 332, General File with amendments; LB 729, General File with amendments; LB 197, indefinitely postponed; LB 433, indefinitely postponed; LB 481, indefinitely postponed; LB 717, indefinitely postponed; LB 731, indefinitely postponed; LB 804, indefinitely postponed; and LR 15CA, indefinitely postponed. Those signed by Senator Hall as Chair. (See pages 724-26 of the Legislative Journal.)

Urban Affairs Committee, whose Chair is Senator Hartnett, reports LB 772 and LB 773 as indefinitely postponed, both signed by Senator Hartnett. Your Enrolling Clerk did present to the Governor, as of ten forty-five, bills read on Final Reading, Mr. President. (Re. LB 43, LB 80, LB 82, LB 106, LB 113, LB 166, LB 171, LB 172, LB 194, LB 200, LB 296, LB 321, LB 322, and LB 353.)

Senator Warner has amendments to be printed to LB 340; and Senator Labedz to LB 158A. Mr. President, that's all that I have. (See pages 727-28 of the Legislative Journal.)

SPEAKER BARRETT: Thank you, sir. Senator Robak, please.

SENATOR ROBAK: Mr. President, I move we adjourn until tomorrow at nine o'clock.

SPEAKER BARRETT: You've heard the motion to adjourn until tomorrow morning at nine o'clock. All in favor say aye. Opposed no. Ayes have it, motion carried, we are adjourned.

Proofed by:

Sandy Ryan
Sandy Ryan

February 21, 1989 LB 43, 75, 80, 82, 106, 113, 166
171, 172, 194, 196, 200, 296, 321
322, 353, 546, 635, 639, 752

PRESIDENT NICHOL PRESIDING

PRESIDENT: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. We have with us this morning as our chaplain of the day, Dr. Al Norden who is pastor emeritus of the University Lutheran Chapel at Lincoln. He has served there for 30 years. Would you please rise for the invocation.

DR. NORDEN: (Prayer offered.)

PRESIDENT: Thank you, Dr. Norden. We appreciate your coming and doing this for us. Roll call, please. Record, Mr. Clerk, please.

CLERK: I have a quorum present, Mr. President.

PRESIDENT: Thank you. Do you have any corrections to the Journal today?

CLERK: I have no corrections, Mr. President.

PRESIDENT: Very good. Any messages, reports or announcements?

CLERK: Mr. President, a communication from the Governor to the Clerk. (Read communication. Re: LB 43, LB 80, LB 82, LB 106, LB 113, LB 166, LB 171, LB 172, LB 194, LB 200, LB 296, LB 321, LB 322 and LB 353, signed by Governor. See page 793 of the Legislative Journal.)

Mr. President, your Committee on Government, Military and Veterans Affairs whose Chair is Senator Baack to whom was referred LB 546 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File; LB 639 General File, LB 76 General File with amendments, LB 196 indefinitely postponed, LB 635 indefinitely postponed, LB 752 indefinitely postponed, those signed by Senator Baack as Chair of the committee. (See page 793 of the Legislative Journal.)

Received a report from the Department of Roads, quarterly report from the State Highway Commission, and a report from the Equal Opportunity Commission, Mr. President. Those will be on file in my office. And that is all that I have, Mr. President.