

January 4, 1990

LB 939-968
LR 234

And that is not a valid, logical position. I don't think it is a reasonable legislative position and in order not to drag out the discussion on this resolution, that will be all I have to say except to reemphasize that I intend to vote against this resolution and I'll vote against others of similar stripe.

PRESIDENT: Senator Hannibal, would you like to close...Senator Lynch, your light came on. Senator Hannibal, would you like to close, please.

SENATOR HANNIBAL: Thank you, Mr. President. Senator Chambers, I also have many thoughts running through my head, but I will exercise some constraint as well. I appreciate you pointing up some facts about the issue of what days are Nebraska citizens days and which days are days for all the people that we are elected to serve, and I agree with you wholeheartedly. Senator Smith, I'm not sure I really needed that much support saying that this resolution wasn't near as bad as some of them that we have, but I guess I'll take a vote whenever I can get it. Yes, it is true that each day that we meet in session, as a matter of fact, each day that we serve in the Legislature, is for all the citizens in Nebraska. That is my philosophy as well. However, I would suggest that we have many days that are proclaimed to be special for certain kinds of occasions and, in fact, certain individuals and that to say that because this all day should be for Nebraska citizens and not have a day that we proclaim as a special recognition would be tantamount in my estimation to saying that we shouldn't have a veterans' day because that implies that every other day is not a day that should be recognized for veterans and their service to us or any number of things that we do have. I believe that this is a gesture of recognition that we are here because of the citizens and we are here to serve the citizens and it's not near as bad a resolution as some of them we've passed and I would urge its adoption.

PRESIDENT: The question is the adoption of the resolution. All in favor vote aye, opposed nay. Record, please.

CLERK: 15 ayes, 4 nays, Mr. President, on adoption of LR 234.

PRESIDENT: The resolution is adopted. We'll go on to number six, introduction of new bills.

CLERK: Mr. President, new bills. (Read by title for the first time, LBs 939-968. See pages 138-45 of the Legislative

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LB 881-957, 997-1010
LR 229

If I may, Mr. President, I have a Reference Report referring LBs 881-957, and LR 229. (See pages 175-77 of the Legislative Journal.) And, Mr. President, new bills. (Read LBs 997-1010 by title for the first time. See pages 177-80 of the Legislative Journal.) Mr. President, that's all that I have at this time.

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Thank you. Proceeding to the next item on...from the Rules Committee. Chairman Lynch.

SENATOR LYNCH: Mr. President, members, the next one is number nine identified on your list. It specifies that a motion to suspend the rules is not divisible. The reason for this, without reading it all but putting it hopefully in laymen's terms so we can understand it, is that when a motion to suspend the rules is attempted it's intended to accomplish only one thing. You don't suspend the rules to accomplish three, four, five or six different things. But, if the amendment that would accomplish one thing would, for example, suspend Rule 1, Section 2, Rule 2, Section 3, Rule 3, Section 4, because it's necessary to do that to identify those sections of the rules that serve that single purpose, you cannot divide the question and take any one of those three rule changes independently. I think, Mr. President and members, that explains the purpose and intent of this rule change and would suggest that we support it.

SPEAKER BARRETT: Thank you, Senator Lynch. Discussion on the proposal...proposed change number nine? Senator Chambers, please.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, let me tell you what the real purpose of this rule change is. There have been attempts at various times to suspend the rules so that there can be no debate or discussion or amendment on bills, and I have indicated that I would divide that question. So the purpose of the rule is to prevent that from happening. So however many things are put into a rule suspension will have to be taken as a package. In some instances you may have a situation where people will think and believe that you should be able to suspend the rules for the purpose of taking a vote without any additional debate, amendment and so forth. And maybe that is all right. Naturally, I'm opposed to it because

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LB 836, 956, 985, 1016, 1017, 1241
LR 246

PRESIDENT NICHOL PRESIDING

PRESIDENT: Ladies and gentlemen, welcome to the George W. Norris Legislative Chamber. We have with us this morning as our Chaplain of the day, Pastor Stan Schrag of the Grace Community Church in Lincoln. Will you please stand for the morning prayer.

PASTOR STAN SCHRAG: (Prayer offered.)

PRESIDENT: (Gavel.) Thank you, Pastor Schrag, we appreciate your being here this morning. Come again. Roll call, please.

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

PRESIDENT: Thank you. Any corrections to the Journal?

CLERK: Mr. President, I have no corrections this morning.

PRESIDENT: Do you have any messages, reports, or announcements?

CLERK: Mr. President, your Committee on Banking, Commerce and Insurance whose Chair is Senator Landis to whom was referred LB 1016 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File, LB 1017 General File, LB 956 General File with amendments, and LB 985 as indefinitely postponed, those all signed by Senator Landis as Chair of the Banking Committee, Mr. President.

I have notice of hearing or cancellation and rescheduling of a bill, signed by Senator Landis as Chair of Banking Committee. (Re: LB 1241. See page 495 of the Legislative Journal.)

Amendments to printed to LB 836 by Senator Landis, and, Mr. President, I have a report from the Department of Roads filed pursuant to statute. That will be on file in my office. (See page 495 of the Legislative Journal.) That is all that I have, Mr. President.

PRESIDENT: Thank you. We will move on to LR 246.

CLERK: Mr. President, 246 is a resolution offered by Senator Kristensen and a number of other members. It is found on page 473 of the Journal. It asks the Legislature to join in commemoration of the bicentennial of the first meeting of the

PRESIDENT NICHOL PRESIDING

PRESIDENT: (Recorder not activated) ...from the Central Missionary Alliance in Lincoln. Would you please rise for the invocation.

PASTOR REXILIUS: (Prayer offered.)

PRESIDENT: Thank you, Pastor Rexilius. We appreciate it. Please come back and visit us. Roll call, please.

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

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

CLERK: No corrections, Mr. President.

PRESIDENT: How about messages, reports, or announcements?

CLERK: Mr. President, Senator Landis has selected LB 956 as one of the priority bills for the Banking, Commerce and Insurance Committee, and Senator Langford has selected LB 348 as her priority bill.

Mr. President, Senator Beck has amendments to be printed to LB 163. I have received a report from the Ethanol Authority and Development Board; and a report from the Natural Resources Commission. Those will be on file in my office. (See page 548 of the Legislative Journal.) That is all that I have, Mr. President.

PRESIDENT: May I please introduce our doctor of the day under the south balcony, who comes from Senator Elroy Hefner's district. We have Dr. Monty Sellon who is practicing his residency here in Lincoln. Would you please stand, Dr. Sellon, and let us recognize you. Thank you for your services today. We appreciate them. We will move on to confirmation report, Mr. Clerk.

CLERK: Mr. President, the Natural Resources Committee would report on the appointments of Mr. John Mason to the Oil and Gas Commission and Mr. Raymond Hajek.

PRESIDENT: Senator Lamb, are you going to handle that, please?

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LB 956, 985
LR 248

and that is all I have, Mr. President.

SPEAKER BARRETT: Thank you, sir. While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LR 248. Proceeding to item five on the agenda, Mr. Clerk, General File, LB 956.

CLERK: Mr. President, LB 956 was a bill introduced by Senator Landis. (Read title.) The bill was introduced on January 4 of this year, Mr. President. At that time, it was referred to the Banking, Commerce, and insurance Committee for public hearing. The bill was advanced to General File. I do have committee amendments pending by the Banking, Commerce, and Insurance Committee, Mr. President.

SPEAKER BARRETT: Thank you. The Chair recognizes the Chairman of the Banking, Commerce, and Insurance Committee, Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, and members of the Legislature. I am grateful for the Speaker scheduling a bill that is a committee priority but with some timeliness since the S & L bailout federal provisions are running apace, and Nebraska law really ought to be brought into conformance with it so that we may take advantage of and participate in the S & L bailout to the extent that Nebraska institutions require it. The amendments that you see before you are, in fact, the portions of another bill that the Banking Committee put into 956, and the committee amendments that you see are suggestions brought to us by the Banking Department, itself, in their own bill, which was LB 985, if you want to look in your green copy of your books. What LB 985 generally does is to harmonize provisions between state and national banks, among other things. For example, the Section 2 of the amendments or of 985 provides an additional exception to the lending limits of state banks that are the same as the federal institutions, and there is also a proposal which requires free-standing trust companies to obtain a fidelity bond. This is another...in order, rather, to protect against potential loss. At one point, a very zealous Banking Department lawyer found that there should be a comma between the word "capital" and the word "investment" in their statutes because there is no such thing as capital investment in this section. It also amends the Securities Act to provide for notice, hearings and, orders, and then now that will be consistent throughout the Securities Act and will provide no diminution of

investor rights to have those procedural changes. As you can see, then the committee amendments are largely technical in nature. They are clean-up amendments brought to us by the Banking Department. They are harmonizing authorities, that we could find no consumer interest in these issues, but they were largely bill drafting, for example, adding a definition of financial institution for certain sections when the definition has not been contained in that area. There is also, I suppose, if there was one area of substantive improvement in these amendments, they are amendments to Chapter 8, which is the banking law, amendments that are intended to complement the Financial Institutions Reform, Recovery, and Enforcement Act, a word that I am going to be using more than once this morning, FIRREA, in other words, the emergency clause requested on sections that permit failing institution and emergency acquisitions to be approved by the department. We need that so that the department will have its ability to say yes to and approve of FIRREA based transactions. Those are the amendments. I would offer them for adoption.

SPEAKER BARRETT: Thank you. Any discussion on the committee amendments? Seeing none, Senator Landis, anything further?

SENATOR LANDIS: Just to say that these amendments are being adopted to 956, a bill that changes Nebraska branch and structure laws to accommodate S & L bailouts, and I will explain the terms of that bill in just a moment. I move for the adoption of the amendments.

SPEAKER BARRETT: Thank you, sir. The question before the body is the adoption of the committee amendments to LB 956. Those in favor vote aye, opposed nay. Please record.

CLERK: 25 ayes, 0 nays, Mr. President, on adoption of the committee amendments.

SPEAKER BARRETT: The motion prevails. The amendments are adopted. Senator Landis, to the bill.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. Because of the problems of savings and loans, the federal government has stepped in and said that S & Ls have to improve their capital status. They have to have more capital to support their operations. They have been running on too thin of a margin, and they have not had the actual capital to back up

some of their transactions. To inject capital in the S & L industry, S & Ls are permitted to sell off branches or portions of their operation to raise money to inject capital to meet these increasing phase-in steps of capital requirements under the new S & L bailout law. Now that means that there are two kinds of S & Ls out there for sale, failed S & Ls which are now part of the RTC, and the RTC is called the Resolution Trust Corporation, I believe, and it is expected that institutions which have not failed but which are not healthy will have to move through a stairstep of increasing capital formation by selling off some of their branches. Now this is all authorized by a Congressional act, the FIRREA act, Financial Institutions Reform, Recovery, and Enforcement Act, and the act says this; if you have state laws that interrupt with our process of selling off these S & Ls, your state laws are ineffective. This is called the federal preemption doctrine and it comes from constitutional law that says there is a branch of federal powers, there is a branch of state powers, and there is a set of powers that are shared between the federal government and the state government. Where those shared powers exist, if the federal government acts, it preempts the states. Banking law for national banks is an area of preemption law, one where if the federal government chooses to act, it can preempt state law on the same subject matter, and that is what the federal government has done in this area. They have preempted state law saying even if you have branch banking laws or limitations on the size of institutions, those state laws are ineffective. These federal procedures will apply and banks may purchase failed S & Ls. Well, in Nebraska, in other words, our branch banking rules would not stand as an impediment to a one-time purchaser of an S & L, or an S & L and its branches, and we have some branches that need to be sold. There is one in York. There is one in Nebraska City. There is one in Gering. There is one in Fremont. These are S & Ls that need to be incorporated into our financial institutions and they can be sold to out-of-state interests or they can be sold to in-state interests. Both the Nebraska Bankers Association and the Nebraska Independent Bankers Association, along with the Savings and Loan Association in this state, agree that Nebraska banks ought to be in a good position to bid on and to acquire these institutions, or institutions in the future who, in meeting that phase-in step of higher capitalization, will want to sell off their branches, rather than to have simply the marketplace consist of out-of-state banks and financial institutions. The RTC has been reluctant to sell a savings and loan in less than

its entire corporate structure, its main office and its branches. They have been reluctant to sell it piecemeal, branch by branch. On the other hand, they are prepared to do that if state law permits that and they would consider it. Additionally, however, if in fact they won't sell it, if they decide not to sell it in pieces, they do permit the resale, once it has been bought as a clump by the successor purchaser, they can sell it in pieces if they wish. Now here is where we run afoul of Nebraska branch banking law because this rule is not preempted by the federal government. Once a large Nebraska bank purchases an S & L and all of its branches, which is what usually RTC expects to do because they think you get the highest money that way, but if they do that, then our branch banking laws do kick in because the federal preemption doctrine is over with, and our state branching laws apply should somebody wish to purchase a branch of that one-time large corporate S & L, and that is unfortunate because it will mean that there will be fewer purchasers for piecemeal acquisitions of savings and loans. LB 956 says this, it says, number one, that we acknowledge that this is going to happen and that this is legal. Number two, it says that in the event the RTC sells an S & L and its branches that those do not apply against our branch banking law and, also, should it be broken up and sold in pieces, the pieces could be acquired by a successor bank and they would not apply against the branch banking law. We can anticipate that there will be some immediate sales. We can also anticipate, I think fairly, that there will be sales of branches of S & Ls for several years to come as institutions, S & Ls, try to get themselves healthy by injecting capital into their structure. Nebraska law presently restricts a bank from establishing more than five branches within a city. As a result, any bank which acquires a thrift or its branches is prevented from selling the thrift or its branches to another Nebraska bank unless the bank is located in the city in which the thrift or its branches are located. Therefore, you need this law to permit a market for S & L branches. By doing so, you will have the highest premium in the sales, greater capital injection into S & Ls, they will become healthy quicker. The procedure will be twofold. The RTC will have to approve these large sales. In the second place, where there is a later sale of a single branch to a Nebraska bank, that will have to be approved by the Nebraska Banking Department. I can tell you this, it is a tough area. I am not sure anybody on the floor, including myself, has a real nuts and bolts understanding of all of the small parts of FIRREA and the operation of the S & L bailout. As best as we could determine

from the hearing, investors are endangered in no way. In fact, this bill will give us the highest premium in sales. That will mean, then, greater capitalization for S & Ls and it should mean that those institutions are healthier and stronger as quickly as possible. It permits, the bill permits smaller banks to participate in this process, and to have more localized ownership of these old S & L and thrift branches, rather than to have one huge, large owner of all the S & Ls, a successor owner, who will control the entire branch network throughout the state. Unless we change the law, that is the likely outcome and that outcome is either going to be a large out-of-state institution, or one of the very largest of Nebraska banking institutions. This puts small banks into the game and allows them to buy S & L branches. And for that reason, I offer 956 to the body and ask you to advance it to and E & R Initial. I will be happy to answer any questions you may have.

SPEAKER BARRETT: Thank you, sir. Discussion on the motion to advance the bill. Senator Bernard-Stevens, Senator Wehrbein next.

SENATOR BERNARD-STEVENS: Thank you, Mr. Speaker. Senator Landis, would you yield to a question at this time?

SPEAKER BARRETT: Senator Landis, would you respond?

SENATOR BERNARD-STEVENS: David, I am just kind of listening to what you are saying and trying to piece it all together. I guess one of the things that comes to my mind that I would like to have you speak on a couple of minutes is a concern on the surface, and it may be not valid once we get down below, that successful S & Ls or successful branches or competitive branches may, in fact, be able to be sold, and partially even broken up into various parts to be sold. I guess my question is, what about the S & Ls or the branches that are not doing well, that are not profitable, that obviously would not be purchased, at that point, who is going to pick up at some point that loss leader, if you wish, who is going to pick that up? Will it be the State of Nebraska? Is it going to be the federal? How does that tie in with that which is left over?

SENATOR LANDIS: Well, let me tell you that 956 is limited. It is not intended to be the purchase of healthy S & Ls. Those are contemplated to continue to operate. LB 956 authorizes Nebraska banks, without respect to Nebraska branch banking law, to

purchase either the branches of a failed S & L, or an S & L that is rehabilitating itself by selling off its branches to stop being sick and to get well. Now what that means is this, for the S & L to be on the market, it either has to be a branch or the entire S & L which has failed; or it has to be the branch of an S & L that is rehabilitating itself to being well by selling off part of its branches in order to meet capitalization standards that the federal government has placed on it as a plan of rehabilitation. So with respect to healthy S & Ls, this is not meant to be the sale of those institutions. Who will pick up the slack? Who will buy these S & Ls? Some of them might just be closed, it is possible that they might just be liquidated, if there is no market, but the operation is, in fact, a loss, taking a loss, you might just close the branch. That might help you improve your cash flow and rehabilitate yourself. That could happen, but if that doesn't happen, if it is sold, who is going to buy it? Well, the banks in those towns are most likely to buy it. Why? Because if they don't buy it, a healthy S & L may purchase it, in which case they will have a healthy S & L in their town taking deposits, or another large banking institution outside the state may buy it, thereby, putting a new financial institution presence in their town. For a small town bank, the best strategy is actually twofold, hope that it would get liquidated and go away, or purchase it and maintain your financial hold on the marketplace. You'd want to keep other institutions out, you'd want to buy. Does the State of Nebraska get involved? No, we are a guarantor in no way. There is not a dollar of state money involved here in any of these transactions. To underwrite this whole process is a federal bailout that involves tax dollars but that is not an issue in 956.

SENATOR BERNARD-STEVENS: Thank you, David. And the other question I had, Senator Landis, would be...again, I was briefly reading through as best I could. If a bank, for example, bought out a rehabilitating S & L or a failed branch, then the way I read the bill, then, the S & L then would actually be incorporated into the bank? The bank could not have a S & L subsidiary as part of the bank. It would be merged into the bank, and I guess my question would be, again, on the competition factor between S & Ls and regular banks, how would this affect the competition? For example, if I have a healthy bank and a rehabilitating S & L, it would be in my best interest for the healthy bank to step in and buy the S & L because it effectively takes out that competition, per se, and would you

like to respond.

SPEAKER BARRETT: One minute.

SENATOR LANDIS: That is true. It should not come as a surprise that the NBA and the IBA support this measure. This is their...remember that this is a bitter pill, however. It is a bitter pill for the public, but it is a bitter pill for the banks, as well. On the other hand, strategically, they take over what was at one time a competitor and turn them into a branch of their bank, a banking facility, not an S & L facility. So in that measure, although, you know, it is uncomfortable to be forced into purchasing this branch, at the same time, it does have some benefit. It gives them a second location. It is probably some cheap brick and mortar, but at the same time, it closes out a one-time competitor. I mean there is an advantage for a bank to use 956. If there was no advantage, there would be no sale, and the branch would be empty, valueless, and you would have a tremendous write-off of any of this set of value. So even though the banks do get something of value here, it is in our interest that these branches be sold as well.

SENATOR BERNARD-STEVENS: Now I am going to run out of time before you get it answered, but one of the other things I would like you to speak on and maybe in your closing or some other time is....

SPEAKER BARRETT: I am sorry, time.

SENATOR BERNARD-STEVENS: ...how a rehabilitated bank is...S & L is defined.

SPEAKER BARRETT: Thank you. Senator Wehrbein, Senator Lynch on deck.

SENATOR WEHRBEIN: Yes, Mr. Speaker, members, Senator Landis, would you yield to a question? It is meant to be a clarifying question. If I understood all this correctly, it also doesn't restrict anyone...in essence, it doesn't really restrict anyone from buying an S & L that can now presently buy, have a branch. In other words,...

SENATOR LANDIS: But there is no limitation on a preexistingly authorized purchaser. They all remain potential purchasers.

SENATOR WEHRBEIN: And there is no restrictions in this bill that limits any bank from size, location or anything. If they can do it now, they can do it under this, only in this case it would be an S & L?

SENATOR LANDIS: That is right, and the S & L then is converted as to a branch of the bank, but the bank does not suffer that pill that it swallowed to count against its branch banking limitations in Nebraska law.

SENATOR WEHRBEIN: Thank you. I just wanted to be sure I understood that. Thank you.

SPEAKER BARRETT: Senator Lynch, please, Senator Schimek on deck.

SENATOR LYNCH: Mr. President, and members, I'd just like to rise to support the recommendation by Chairman Landis of the Banking and Insurance Committee. It seems that this kind of legislation offers all of us in Nebraska an alternative to better address the issue of failing and savings and loan institutions and banking institutions in some difficulty, especially since that failure is an obvious serious problem for that community, commercially and otherwise. It gives us a chance to allow people to do business with those institutions in a meaningful way, and it opens up the opportunity for those people who would be interested but do not fall into the category of being superbig, and superpowerful. It makes a lot of sense. I hate to say this, but it is almost an issue of 300 in reverse, but that is as it should be. Maybe I shouldn't have said that but I did, and I would urge our support for it.

SPEAKER BARRETT: Thank you. Senator Schimek, followed by Senator Elmer.

SENATOR SCHIMEK: Mr. President, and members of the body, I have just a quick question of Senator Landis. If I understood this correctly, Senator Landis, right now a bank is allowed to have five branches in the city, and under this bill, if they bought an S & L or a branch of an S & L and incorporated that into their bank that would not count against those five. They could have six or seven or eight, if they purchased S & Ls. Can you predict in any way what the implications of this bill are? Are we going to see bigger banks getting larger? Do you have any way of predicting?

SENATOR LANDIS: Yeah, I can respond to that, and I can respond to it in this way. In the event the bill does not pass, the future would be very clear, and that is that the S & Ls could be purchased by only very, very large banks. They would have no market to sell off the branches, so that you would take some large bank that now exists, and if it purchases an S & L, a set of S & Ls, it will have an immediate statewide set of branches in every city that those S & Ls exist in, or a large institution out of state would be authorized to buy those institutions. In other words, if the bill does not pass, you take out all of the small banks as players. You take out the prospect of piecemeal branch by branch acquisition, and you make sure that the formation of the new banking structure following the S & L bailout is all in the hands of large, large institutions. Now, if you asked me to predict, all I can say is this, that 956 allows an alternative future to be positive; first, that the RTC might sell on a piecemeal basis and that our smaller banks would be able to purchase; or, secondly, there would be a large first-time purchaser who would then sell branches to smaller banks, and that, by the way, is the more likely of the two. In other words, if you don't pass 956, there is really no future for small bank acquisitions. There will be a large statewide presence for any major S & L chain that might have to be sold, and with 956, you put the small banks into the game.

SENATOR SCHIMEK: I appreciate that explanation and I wonder if you could use the rest of my time, Senator Landis, excuse me, to answer Senator Bernard-Stevens' question.

SENATOR LANDIS: Sure, let me answer, Senator Bernard-Stevens asked the question, well, okay, Dave, I understood you have got this phased-in set of capitalization, but where is the trigger, where does it come from, how does it work? The capitalization standards are federal in source, and I believe it is the comptroller of the currency. I am not sure exactly what the...maybe it is the Resolution Trust Corporation, itself, but a federal regulator sets the phased-in capitalization standards. Now should a bank wish to sell in contemplation of those phased-in limitations, they would go to Cynthia Milligan. Cynthia Milligan would say, wait a second, are you undercapitalized now? Have you failed to meet one of these federal standards? Yes, you have. Nebraska law, 956 authorizes the sale. I am the person who gives the state approval or not. I can see the federal trigger. I can take a look at the balance

sheets.

SPEAKER BARRETT: One minute.

SENATOR LANDIS: And if the trigger applies, the federal acquiescence is on the face of the federal law but the state acquiescence comes from Cynthia Milligan's review of the transaction and its request for authorization in the State of Nebraska. That is what will be done.

SPEAKER BARRETT: Thank you. Senator Owen Elmer, please.

SENATOR ELMER: Thank you, Mr. President. Senator Landis, listening to this conversation, I understand that these banks that could possibly buy branches would do it on a normal bidding process overseen by the federal government, is that correct?

SENATOR LANDIS: That is true in respect to the RTC sales, the Resolution Trust Corporation sales. Those are by bid process for the most part, and that is where you purchase the S & L and its branches at one time.

SENATOR ELMER: Okay, the next question then is, what sort of entities are going to be able to, under the law, make a bid on a separate branch? Could that be an individual who or a corporation or does it have to be somewhere in the banking community?

SENATOR LANDIS: Who can purchase an S & L...

SENATOR ELMER: Branch.

SENATOR LANDIS: ...branch?

SENATOR ELMER: As a piecemeal?

SENATOR LANDIS: Right, and the piecemeal sales can come about in two ways. The RTC could scratch its head and say, okay, let's sell these S & Ls off by branch. They have the power to do that. If they did it, the bidders might include smaller town banks. If they don't sell them piecemeal, then 956 would permit this sale by a Nebraska bank who had bought the whole S & L and its branches to in turn sell it piecemeal to smaller town banks. Who can buy the S & Ls? Banks can buy the S & Ls. Banks are authorized in 956 to S & Ls. Can you buy an S & L under 956?

No.

SENATOR ELMER: If I got a group of individuals together and had the necessary capital to meet the ability to charter under the state, and we were forming a new entity, would that be possible under this bill?

SENATOR LANDIS: It is not authorized under this bill. This bill talks about the sale of S & Ls to banks. If you are a bank or if you get yourself to be a bank, which occurs elsewhere in Nebraska law, you'd then meet the threshold to participate in the bill, but there is no special mechanism in this bill that says, you run out, form a corporation, get some capitalization, and go into the banking business by buying a failed S & L. It is not in the bill.

SENATOR ELMER: That is the question I wanted to be answered. Thank you.

SPEAKER BARRETT: Thank you. The member from North Platte, Senator Bernard-Stevens.

SENATOR BERNARD-STEVENS: Thank you, Mr. Speaker. Senator Landis and the Banking Committee I think has brought us a very good bill. One of the concerns I have always had is at the national level when we get to the S & L bailouts, one of the permeating factors I think in all of that is an understanding of our financial institution and the systems, and that is if you allow banking institutions, whether it be regular banks and/or S & Ls, the psychology that is created in mistrust against the whole financial institutions as a whole is such that it could be very, very devastating of those in the body that understand the workings of deposit to creation and how we do make money, in order to make our system work, understand the need and necessity for maintaining the psychological confidence in our banking system, and because of that, I think that Senator Landis has brought us a very good bill. I urge the body to support that so that we can maintain the confidence within our banking institutions and, hopefully, keep the system that we have working for Nebraska rather than fighting to survive and harming Nebraska in the future. Thank you.

SPEAKER BARRETT: Thank you. Any other discussion? Senator Landis, would you like to close on your motion to advance the bill?

SENATOR LANDIS: I am sorry...Mr. Speaker, you were...

SPEAKER BARRETT: Would you like to close on the advancement?

SENATOR LANDIS: Yes, Senator Conway was right to remind me, it is entirely possible to put together a capital formulation right now and to buy out somebody who owns a bank, to buy out somebody who owns an S & L, to buy a previously chartered institution, and to become the successor purchaser of that institution, and that is entirely possible. Senator Owen Elmer was asking me about that, and that authority, that power exists in the marketplace today. LB 956 does not alter that power. What 956 talks about is the sale of branches of S & Ls and the proper acquisition methods for preexisting chartered banking institutions. But if you want to go out and if you want to buy an S & L, you can do it if you have got a zillion bucks, and you have got to buy the S & L, and you have got to buy the charter, and then you have to go and get the charter rechartered for you as the new purchaser, but that all exists in existing law anyway. The reason that this bill is so timely is because the RTC is getting ready to sell banks, or, sorry, S & Ls in this area, and there are failed S & Ls in Nebraska that need to be harmonized with our existing financial institutions. I am told the RTC is awaiting the outcome of this bill because they would consider selling some of their work perhaps by on a piecemeal basis should this bill pass, and that is why I asked the Speaker to put it on the agenda, and, in fact, that is why it is here before you today. Again, 956 has the amendments for the Banking Department in it, and those were LB 985. This permits the acquisition of failed and failing S & Ls, failed S & Ls by federal definition, or failing S & Ls who are trying to recapitalize themselves into health by selling off branches according to a definition of having been undercapitalized by the federal government, but the sales are, as I say, authorized and agreed to by state banking regulation. I would move for the adoption and advancement of 956.

SPEAKER BARRETT: Thank you. The motion before the body is the advancement of LB 956 to E & R Initial. Those in favor of that motion please vote aye, opposed nay. Have you all voted? Record, please.

CLEBK: 30 ayes, 0 nays, Mr. President, on the advancement of LB 956.

SPEAKER BARRETT: The motion is adopted. The bill is advanced. To Select File, Mr. Clerk, LB 143.

CLERK: Mr. President, 143 is on Select File. I have no E & R amendments. Senator, do you want to go right to your amendments? Mr. President, Senator Baack would move to amend. I also have an amendment to the amendment. Senator Baack, the amendment to the amendment is on page 557, Senator, of the Journal.

SPEAKER BARRETT: The Chair recognizes Senator Baack on the amendment to the amendment.

SENATOR BAACK: Yes, Mr. Speaker, and colleagues, we will deal with this amendment first. Then I will go into more detail on...this amendment to the amendment, then I will go into more detail on the amendment. This amendment that we are going to be voting on now was brought to me by DAS for the Budget Division saying that there needed to be some clarification in the bill to make sure that what we were doing here was not creating a separate fund, and that is why we have a listing of different sections that needed to be renumbered and needed to have some different statutory authority. So what we are doing is, all we are doing with this amendment to the amendment is making it so it is operational within DAS and that we are not creating a separate fund. So with that, I would just encourage the adoption of the amendment to the amendment.

SPEAKER BARRETT: Thank you. For purposes of discussion, Senator Moore. Thank you. Anyone care to discuss the amendment to the amendment? If not, those in favor of its adoption please vote aye, opposed nay. Record, please.

CLERK: 26 ayes, 0 nays, Mr. President, on adoption of Senator Baack's amendment to his amendment.

SPEAKER BARRETT: The amendment is adopted. Senator Baack.

SENATOR BAACK: Yes, Mr. Speaker, and colleagues, now we will go to the amendment, itself, and if you want to, you can follow along either in the Journal with the amendment or the bill that I am going to try to amend into, LB 143, is LB 845. So you can follow it either place. I will say that 845 was heard in the Education Committee. It was advanced unanimously by the

January 30, 1990

LB 545A, 720, 956, 1004, 1075, 1077

advanced to General File, LB 1077 General File, LB 1075 General File with amendments. Senator Conway has amendments to LB 956; Senator Baack to LB 545A. Agriculture gives notice of cancellation of hearing; Agriculture reports LB 1004 with committee amendments attached. (See pages 567-71 of the Legislative Journal.) Mr. President, that is all that I have at this time.

SPEAKER BARRETT: Thank you, sir. Proceeding then to the next bill on Select File, LB 720.

CLERK: Mr. President, the first order of business on 720 are Enrollment and Review amendments.

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move the adoption of the E & R amendments to LB 720.

SPEAKER BARRETT: You have heard the motion to adopt the E & R amendments. Those in favor say aye. Opposed no. Carried, they are adopted.

CLERK: Mr. President, Senator Wesely would move to amend the bill. The amendment is on page 542 of the Journal.

SPEAKER BARRETT: The Chair recognizes Senator Wesely.

SENATOR WESELY: Thank you. Mr. Speaker, members, if you recall, LB 720 dealt with caseworkers to investigate child abuse and also to keep caseworkers to work with our foster care children. If you recall on General File, Senator Warner amended the bill deleting the direct tie to national standards that we had in the original bill for fear of having us tied directly to national standards, and so what we talked about at that time was coming back with some references for the Director of Social Services to develop caseload standards and have some guidance from this Legislature. You can't just completely delegate that authority. You need to give them some legislative guidance. So this amendment would provide that reference for the Director of Social Services in establishing the caseload work for these social caseworkers. The work that we did, Senator Kristensen, and I think Senator Morrissey, Senator Bernard-Stevens I think also raised questions about how you determine where these workers went to and we did put in some standards in here dealing

February 1, 1990

LB 87, 163, 257, 397, 486, 534, 601
610, 688, 692, 730, 756, 818-820, 923
956, 980, 1021, 1067, 1069, 1230

9:00 a.m.

SPEAKER BARRETT: Have you anything for the record?

CLERK: I do, Mr. President. Your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 956 and recommend that same be placed on Select File; Transportation Committee reports LB 980 to General File with committee amendments, and LB 1021 as indefinitely postponed, those signed by Senator Lamb; Health and Human Service Committee, I am sorry, Banking Committee reports LB 1069 to General File with amendments, and LB 1230 indefinitely postponed, those signed by Senator Landis; and Health and Human Services Committee reports LB 1067 to General File, LB 688 General File with amendments, and LB 923 General File with amendments, those signed by Senator Wesely. (See pages 619-25 of the Legislative Journal.)

A communication from the Governor to the Clerk. (Read. Re: LB 87, LB 257, LB 397, LB 486, LB 756, LB 534, LB 601, LB 730, LB 818, LB 819, LB 820. See pages 625-26 of the Legislative Journal.)

Mr. President, Senator Moore has amendments to LB 163 to be printed; Senator Wesely amendments to LB 610 to be printed. (See pages 626-28 of the Legislative Journal.)

And, Mr. President, a hearing notice from Retirement Systems Committee. That was given to me by Senator Haberman; and, finally, Mr. President, I have a request from Senator Abboud to add his name to LB 692 as co-introducer. That is all that I have, Mr. President.

SPEAKER BARRETT: Thank you. The motion before the body is to adjourn until tomorrow morning at nine o'clock. All in favor say aye. Opposed no. The ayes have it. Motion carried. We are adjourned. (Gavel.)

Proofed by:

Marilyn Zank
Marilyn Zank

February 2, 1990

LB 42, 164, 632, 750, 794, 831, 841
843, 861, 881, 902A, 925, 932, 952
956, 1028, 1059, 1219
LR 250

CLERK: Mr. President, I do. Revenue Committee, whose Chair is Senator Hall, reports LB 831 to General File; LB 932, General File; LB 1219, General File; LB 952, General File with amendments; LB 1028, General File with amendments; LB 750, indefinitely postponed; LB 794, indefinitely postponed; LB 841, LB 861, LB 881, all indefinitely postponed. Signed by Senator Hall as Chair. (See pages 648-49 of the Legislative Journal.)

Amendments to be printed by Senator Hefner to LB 1059; Senator McFarland to LB 632; Senator Ashford to LB 164; Senator Withem to LB 843; Senator Moore to LB 925; Senator Wesely and Schmit to LB 956. (See pages 649-55 of the Legislative Journal.)

Mr. President, LR 250 offered by Senator Withem. (Read brief description of LR 250 as found on pages 655-56 of the Legislative Journal.) That will be referred to the Executive Board.

Mr. President, new A bill, LB 902A by Senator Hall. (Read by title for the first time as found on page 656 of the Legislative Journal.)

Mr. President, Senator Kristensen has designated LB 42 as his priority bill for the session.

And, finally, Mr. President, a report has been filed by the Appropriations Committee pursuant to Rule 8, Section 3, of our rules. I believe copies of the report have been distributed to the members. That's all that I have, Mr. President.

SENATOR HANNIBAL: You have before you a motion to adjourn until Monday morning at 9:00 a.m. All those in...excuse me. All those in favor say aye. Opposed nay. We are adjourned.

Proofed by:

La Vera Benischek
LaVera Benischek

February 23, 1990 LB 313, 664, 666, 757, 869, 925, 948
949, 956, 980A, 1068, 1089, 1111-1113, 1132
1162, 1222, 1233

motor vehicles, motor vehicle driver program by 30,000 for Fiscal Year 1990-1991. With that, I would ask your adoption.

PRESIDENT: Thank you. Any further discussion? If not, the question is the advancement of the bill. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of LB 980A.

PRESIDENT: LB 980A is advanced. Something for the record, Mr. Clerk, please.

CLERK: Mr. President, thank you. Senator Wesely has amendments to LB 1113 to be printed; Senator Hall to LB 313. Health and Human Services Committee reports the following: LB 1222 to General File with amendments and LB 664, LB 666, LB 757, LB 948, LB 1068, LB 1089, LB 1111, LB 1112, LB 1132, LB 1162, LB 869, LB 925, LB 949 and LB 1233, all of those reported indefinitely postponed. Signed by Senator Wesely as Chair of the committee, Mr. President. That's all that I have at this time. (See pages 968-74 of the Legislative Journal.)

PRESIDENT: We'll move on to LB 956, please.

CLERK: Mr. President, 956 is on Select File. The first order of business are adoption of the...or consideration, I should say, of Enrollment and Review amendments.

PRESIDENT: Senator Landis, can you handle that, please?

SENATOR LANDIS: I move the adoption of the E & R amendments.

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

CLERK: Mr. President, the first amendment I have to the bill is by Senator Conway. Senator, this is your amendment that is on page 569 of the Journal.

PRESIDENT: Senator Conway, please. Do you wish to have it withdrawn? It is withdrawn.

CLERK: Mr. President, the next amendment I have to the bill is by Senator Wesely and Schmit. I have a note on here, Senator,

you want to withdraw these as well.

SENATOR WESELY: Yeah.

PRESIDENT: Is that correct, Senator Wesely?

SENATOR WESELY: You can go ahead and withdraw those at this time.

PRESIDENT: All right, they are withdrawn.

CLERK: Mr. President, I have nothing further on the bill.

PRESIDENT: Senator Landis, please.

SENATOR LANDIS: I move to advance the bill, your honor, Mr. Speaker.

PRESIDENT: You have heard the motion, all in favor say aye. Opposed nay. It is advanced. LB 81, please.

CLERK: Mr. President, LB 81, I have E & R amendments pending.

PRESIDENT: Senator Landis, do you wish to handle that for us, please, the E & R amendments on 81?

SENATOR LANDIS: I move the E & R amendments on LB 81.

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

CLERK: Mr. President, I now have an amendment to the bill by Senators Withem, Korshoj and Hartnett. The amendment is on page 695 of the Journal.

PRESIDENT: Senator Withem, are you going to handle that, please.

SENATOR WITHEM: I will start and Senator Korshoj will handle the other portion of this. My amendment deals with the manner...this is a bill that deals with the election of members of local political subdivisions. Appreciate Senator Korshoj bringing this bill to my attention and suggesting something that he and I and Senator Hartnett and some others had attempted last year by placing an amendment onto Senator Chambers' bill

February 26, 1990 LB 81, 315, 799, 956, 1050
LR 257

SPEAKER BARRETT: Thank you. Senator Weihsing, as the birthday boy, would you care to recess this body until 1:30 p.m.

SENATOR WEIHSING: Mr. President and members of the Legislature, I move that we recess until 1:30 p.m. today.

SPEAKER BARRETT: Thank you. You have heard the motion to recess until one-thirty. All in favor say aye. Opposed no. Ayes have it. Carried. We're recessed.

RECESS

SPEAKER BARRETT PRESIDING

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

SPEAKER BARRETT: Thank you. Have you anything for the record?

CLERK: Mr. President, Enrollment and Review reports LB 81 correctly engrossed, LB 956 correctly engrossed, and LB 1050 correctly engrossed. Mr. President, Senators Lindsay and Morrissey have amendments to LB 315 to be printed. (See pages 985-87 of the Legislative Journal.)

And, finally, LR 257 is ready for your signature, Mr. President.

SPEAKER BARRETT: And while the Legislature is in session and capable of transacting business, I propose to sign and I do sign LR 257. Returning to General File, Mr. Clerk, LB 799.

CLERK: LB 799, Mr. President, introduced by Senator Beyer. (Read title.) The bill was introduced on January 19 last year, at that time referred to Transportation. The bill was advanced to General File, Mr. President. I do have committee amendments pending by Senator Lamb's Transportation Committee. (See page 1078 of the Legislative Journal, First Session.)

SPEAKER BARRETT: The Chair recognizes Senator Beyer for the purpose of introducing the amendments.

SENATOR BEYER: Mr. Speaker, and colleagues, after the hearing on LB 799 in committee, the committee discussed and then come up

March 7, 1990

LB 81, 956, 1050

Those in favor vote aye, opposed nay. Have you all voted? Record, please.

CLERK: (Record vote read. See page 1202 of the Legislative Journal.) 42 ayes, 0 nays, 7 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 81 passes. LB 956E.

CLERK: (Read LB 956E on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 956 with the emergency clause attached become law? Those in favor vote aye, opposed nay. Please record.

CLERK: (Record vote read. See page 1203 of the Legislative Journal.) 42 ayes, 0 nays, 7 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 956E passes. LB 1050.

CLERK: Mr. President, I have a motion on the desk. Senator Moore would move to return the bill for a specific amendment, the amendment being to strike the enacting clause.

SPEAKER BARRETT: The Chair recognizes Senator Moore.

SENATOR MOORE: Yes, Mr. Speaker and members, LB 1050, I just want to have a few seconds to make sure on this rainy morning we know what this bill does. I know some other senators want to say a few things too. Remember, this is the bill that simply recognizes the problem that we created a few years ago when we allowed two of our technical community college areas in the western part of the state to tax...to have a maximum limit, limit more than nine, up to 11. And this bill simply says we recognize the problem so to solve the problem we'll raise everybody up to 11. And I guess the problem I have always had on this floor is that past skirmishes on these maximum levies have been massive blood lettings that take a long time. This one, for a variety of reasons, has moved along here with probably less than 50 minutes debate all the way along. I think it's one of those things, what you're doing is you're raising the maximum levy limit for the technical community colleges across the state. And it's one of those things that I don't

March 7, 1990

LB 81, 830, 831, 863, 888, 956, 1022
1050

discussion, I guess the Legislature is alerted to this change. It's a significant change and whatever happens, happens, but at least we know what we're doing. Thank you. And I will withdraw that motion.

SPEAKER BARRETT: Thank you. It is withdrawn. If members will return to their seats, the Clerk can read the bill. While we're waiting, while the Legislature is in session and capable of transacting business, I propose to sign and I do sign LB 1022, LB 81, LB 956, LB 1050, and LB 863. Mr. Clerk, will you read 830, please.

CLERK: (Read LB 830 on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 830 pass? Those in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: (Record vote read. See page 1209 of the Legislative Journal.) 41 ayes, 1 nay, 2 present and not voting, 5 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 830 passes. LB 831.

CLERK: (Read LB 831 on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 831 pass? All in favor vote aye, opposed nay. Please record.

CLERK: (Record vote read. See page 1210 of the Legislative Journal.) 43 ayes, 0 nays, 1 present and not voting, 5 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 831 passes. LB 888.

CLERK: (Read LB 888 on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 888 pass? Those in favor vote aye, opposed nay. Have you all voted? Record, please.

CLERK: (Record vote read. See pages 1210-11 of the Legislative

March 7, 1990

LB 42A, 81, 220A, 369A, 579, 830, 831
863, 880A, 888, 917, 922, 923A, 932
938, 954, 956, 978, 987, 987A, 1013
1022, 1037, 1050, 1067, 1077, 1090A, 1102
1136, 1178, 1199, 1222

SPEAKER BARRETT: Thank you. You have heard the motion by Senator Wesely to recess until one-thirty. All in favor say aye. Opposed no. Carried. We are recessed. (Gavel.)

RECESS

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Roll call. Record, Mr. Clerk.

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

SPEAKER BARRETT: Thank you. Anything for the record?

CLERK: Mr. President, I do. Bills read on Final Reading, this morning, have been presented to the Governor as of 12:15 p.m. (Re. LB 1022, LB 81, LB 956, LB 1050, LB 863, LB 938, LB 932, LB 917, LB 888, LB 831, LB 830, LB 579, LB 1199, LB 922, LB 954, LB 978, LB 987, LB 987A, LB 1037, LB 1067, LB 1178, LB 1102, and LB 1077.)

Your Committee on Enrollment and Review reports LB 1018, LB 1136, LB 1222, LB 42A, LB 220A, LB 369A, LB 880A, LB 923A, LB 1090A to Select file, some of which have Enrollment and Review amendments attached, Mr. President. (See pages 1233-36 of the Legislative Journal.) That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Perhaps a very brief announcement from the Chair regarding our deliberations tomorrow. It is my hope that we can work through the lunch hour tomorrow, with the thought in mind that we can adjourn a little early tomorrow for the long weekend. It's my intent, at the present time, to work through the noon hour tomorrow, and look toward an early adjournment tomorrow afternoon. Contrary to previous statements made by the Chair, it will not be my intent to schedule appropriations bills tomorrow, budget bills tomorrow. We will be looking at them, probably, Monday or Tuesday of next week. We will continue with the agenda tomorrow with some Final Reading, probably some Select File, and perhaps senator priorities on General File. Any questions? Mr. Clerk, would you bring us up-to-date.

March 12, 1990

LB 81, 579, 830, 831, 863, 888, 905A
917, 922, 932, 938, 954, 956, 978
987, 987A, 1022, 1031, 1037, 1050, 1067
1077, 1102, 1178, 1199
LR 279

communication regarding signing of LB 1022, LB 81, LB 956, LB 1050, LB 863, LB 922, LB 1199, LB 579, LB 830, LB 831, LB 888, LB 917, LB 932, LB 938, LB 954, LB 978, LB 987, LB 987A, LB 1037, LB 1067, LB 1077, LB 1102, and LB 1178. See page 1306 of the Legislative Journal.)

Mr. President, new A bill, LB 905A by Senators Johnson, Dennis Byars and Scofield. (Read by title for the first time. See page 1307 of the Legislative Journal.)

Notice of cancellation of hearing by the Government Committee.

New resolution by Senator Robak. That will be laid over. (LR 279 appears on page 1307 of the Legislative Journal.) That's all that I have, Mr. President.

Mr. President, I now have a series of amendments to both the committee amendments and the bill. The first amendment to the committee amendments that I have is by Senator Smith. Senator Smith's amendment is found on page 1195 of the Journal, Mr. President.

PRESIDENT: Senator Smith, please.

SENATOR SMITH: Thank you, Mr. President, members of the body, you have a very simple amendment before you, AM2659, in the Journal. It's simply asking, and I do want to, I guess, begin by thanking the Appropriations Committee for the recommendation that they have made for a \$212,000 increase to programs, which are being provided under the Community Aging Services Act, commonly known as CASA. This amount though is about a seventh of the amount of money that was originally requested and we can go back in history a little bit, and you have been handed a fact sheet on CASA which is...you will see it appears to be a little thing with a little State of Nebraska and the breakdown of the eight area agencies in the state, which was handed out by the Nebraska Association of Area Agencies on Aging, telling you all about what CASA is, the historic information about CASA, what the problem is, and so on. And you will recall that the Community Aging Services Act was enacted by the Legislature in 1982. It was intended to provide comprehensive aging service programs throughout Nebraska by 1984. At that time, the cost to the state was supposed to be a little over \$2.5 million. Well, we all know that, as many times as I have talked about this, the money was not funded, it was partially funded, and what even

happening here this morning. But we did advance, from the Banking Committee, LB 956. LB 956 is a bill which I said earlier allowed any bank in this state to buy any S & L that is in difficulty and I am sure there will be plenty of opportunities for that to occur. Now the question is this. Why is it moral, legal, ethical, proper, desirable, financially safe for an institution to buy an institution that is in trouble that was not formerly a bank, why is it okay for them to do that and it's such a terrible thing to allow this to occur on a planned, managed, regulated basis? Certainly, I have said on the floor many times, we have far too many financial institutions. The situation in which the savings and loans find themselves today is due in part, not totally, but in part to the fact that there may have been too much expansion in certain areas of facilities, not of resources, but of facilities. So this Legislature, this Banking Committee in its wisdom said, okay, so the Schmit S & L is going to go down, we're going to let the Landis bank come in and buy it and make it a branch. That's good, not bad at all. Saves the institution for the community. But it is a branch, it is a branch, ladies and gentlemen, it's a branch of the bank. It can be in Podunk, it can be in Columbus, it can be in Hell's Acre, it can be anyplace, but it's a branch and it is acceptable. And there wasn't any big hue and cry. I did not hear anyone from the banking industry come forward and say, well, why don't you just let it go down. The reason it got into difficulty was because it wasn't needed. They said, oh, no, let the bank of so-and-so come in and buy the institution and keep providing services. Now, with reference to the constituent that Senator Landis had who was so concerned about the banks and I do appreciate that, Senator Landis, because who knows? That individual may be out there. You may not have met that person yet. I would suggest that individual person whose tears were coming down her cheeks might have been coming down her cheeks because this State of Nebraska has already this session done some things that maybe she doesn't like. Maybe I even did some of those things. But if you take a look at your paycheck when you go home tonight, ladies and gentlemen, look at your deductions, probably the most important reason that lady was shedding tears was because we've already taken 40 percent of her income away from her before she ever got to the bank to put the...check in there. I almost swore, but I didn't. The other thing is, the lady probably realizes that before she gets her car down to the shopping center or to the bank, she is going to pay gasoline tax, she is going to pay excise taxes on some other things, she is probably going to get rid of another 10 or 12 or

that would do business with NIFA so that we could get a housing loan in Bellwood for someone out there. I doubt we'd ever have an agricultural loan, but we might get a housing loan. Obviously, the rural banks have not been too concerned about doing business with NIFA, but the institutions here in the City of Lincoln, City of Omaha, being more oriented toward the benefits that we ladle out here and the housing industry itself being aware of it, take advantage of it. So this is an advantage that could be transferred to outstate Nebraska with Senator Warner's amendment, and I think he's right. Being honest sometimes, Senator Warner, doesn't make you popular, but I believe you are right. It's inevitable what is going to happen. We've already got it. We've already got it, LB 956 carried by the Banking Committee, lays it across the state. Why jump up and down and cry and beg and plead when you got it? The most, Mr. Kurt Yost, most bitter opponent of branched banking, can buy an S & L branch in his hometown any time he wants and he'd have a branch. But, oh, no, the bill comes under 457, bad bill; 956, good bill. Ladies and gentlemen, a branch is a branch is a branch is a branch. Now how ridiculous can you get? I remember, like Senator Conway said, the length of the pneumatic tube was important. I will never forget the time when we amended a bill on the floor here back in the days before First of Lincoln were so enlightened and we provided that a branch had to be only X number of feet from the main facility and the next morning a friend of mine in the First National Bank was out there measuring, stepping it off, to see if he came in or not. To his chagrin he was outside by about 20 feet and he thought it was an accident. It wasn't any accident. We knew how to get his support. We fought over the length of the pneumatic tube, we fought over how many feet it could be from a main facility, we fought over all sorts of things. When I introduced the bill in 1973 that provided for a second auxiliary teller facility, you would have thought I was opening up the banks to Jesse James and Bill Hickok.

PRESIDENT: One minute.

SENATOR SCHMIT: It's been nothing but good for the industry and has been good for the people of the state, and I think Senator Warner's amendment is good for the people of the state. Probably a good idea, Senator Warner, that comes along now because as you say otherwise, five or six years from now, someone who is not quite as enthusiastic about it as I am might be carrying the bill and my chances of being here at that time

that's quite fair, but then in the very same conversation and almost the same sentences, I'm not quite sure whether the small town should be allowed to come into Grand Island, but I guess it's all right for Grand Island to go out to the small towns, so I have a little problem with that line of thinking. And I, too, I said, well, if I knew enough and had enough time to work on this, I think I would put an amendment in to have countywide branch banking and then that way we would not be singling out one or the other. I see the 60,000 inhabitants per county. I think not too many years down the road Hall County then would be included with this bill, so it's not necessarily just an Omaha or a Lincoln bill, so at this point I will only listen but I do support Senator Warner and I might ask Senator Warner, have I interpreted, Senator Warner...

PRESIDENT: Senator Warner, will you respond?

SENATOR NELSON: ...have I interpreted this right? This would almost just allow wide open branch banking county to county and my amendment what I was considering was county to county but I guess it isn't fair to a city that is right on the edge of a county either.

PRESIDENT: Senator Warner, please.

SENATOR WARNER: I would just comment, Senator Nelson, you still have the limit of five, I believe, in the current law, so...

SENATOR NELSON: Of course, in my area they don't have five I guess but thank you. Thank you.

PRESIDENT: Thank you. Senator Schmit, please.

SENATOR SCHMIT: Just to answer Senator Nelson's question, Senator Nelson. Under LB 956, we really already have statewide branching. We have statewide branching under certain conditions and Senator Landis is right, Senator Warner is right. Why should we have it under certain conditions and not under certain conditions? Why should we say you can buy a broke financial institution and make it into a bank, but you can't buy a healthy one, or you can't branch to set up a healthy one? We have statewide branching under 956 and I don't think it's all bad. I had some reservations about it, but I don't think it's bad and I think this is a much better solution really.

PRESIDENT: Okay, we're now on the advancement of the bill. Senator Schmit, do you wish to talk on the advancement of the bill?

SENATOR SCHMIT: Mr. President and members, the bill is now, as Senator Warner has explained it, a bill which has more broad impact upon the state than was originally intended, but it does not alter the basic fact that in Nebraska we already have statewide branching. What we do have is some regulatory and some controls and some indications of growth that can be utilized as the banks decide to move into this area. I think that we have seen on this floor over the years a remarkable progression in the development of banking in the State of Nebraska. Some of it has been good, some of it not so good, but all of it I think has been well debated on this floor. There have been very few bills that have passed on the floor that were not passed without a substantial amount of debate. This bill has been, I believe, debated in its basic form as it is today under LB 956. We said, you know, we can do it, we need to do it because of this reason. This bill provides for a specific number of branches, it provides that you can have them across the state, and that everyone can participate. I think that we know today that, as Senator Warner has said, there is going to be a move in this direction. It was kind of interesting when the bill was introduced. There were very few people at the hearing. I recall when if you held a hearing on branched banking, the hearing had to be held in this room and the building was full. I recall one time when Senator Carpenter introduced a bill for countywide, citywide and statewide branching, and they were hanging from the rafters. And Senator Carpenter made the remark, he said, I have never seen such a conglomeration of self-interests assembled in one room in my 70 years, but the facts are that, as time progressed, the banks in this state found that they could live with some competition, they could live with some change in structure and that as business changed, as agriculture changed, banking had to change. Well, I would much prefer if I could walk into the First National Bank in David City and still do business with Paul Kosch, if I could walk into the First National Bank in Columbus and do business with J. O. Peck who used to serve here or Johnny Peck, I still can see Johnny. If I could walk into the bank, in the Columbus bank and still do business with Elmer Bradley, but that is not going to happen. Businesses change, needs change. The business community in Columbus has changed substantially