

ONE HUNDRED NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE RESOLUTION 506

Introduced by Banking, Commerce and Insurance Committee: Jacobson, 42, Chairperson; Bostar, 29; Dungan, 26; Hallstrom, 1; Hardin, 48; von Gillern, 4; Wordekemper, 15.

PURPOSE: The purpose of this resolution is to propose an interim study to examine how public funds are deposited, held, and invested, and to evaluate the economic impacts of current public-fund investment practices on local communities throughout Nebraska.

Local financial institutions have historically played a central role in supporting Nebraska's small businesses, housing markets, agricultural producers, and community development. The potential consequences of a shift of public funds from local financial institutions include reduced credit availability, weakened economic multipliers, and decreased economic resilience, particularly in rural areas.

The study shall include, but not be limited to, the following:

(1) An inventory of where public funds are currently held and invested and the types of investment vehicles being used, including deposits in local financial institutions, pooled investments, out-of-state investments, money market accounts, or other investment vehicles;

(2) An examination of Nebraska's statutory and regulatory frameworks governing the investment of public funds by state agencies, counties, municipalities, school districts, natural resources districts, and other political subdivisions;

(3) An analysis of the economic impact of holding public funds in local financial institutions versus pooled investment vehicles, including effects on local lending capacity, small business financing, housing development, and agricultural credit markets;

(4) A review of decision-making criteria used by public entities when selecting deposit or investment options, including interest-rate

considerations, collateral requirements, liquidity needs, fiduciary obligations, and administrative practices;

(5) An assessment of whether current practices align with Nebraska's economic development goals, particularly in rural and underserved communities; and

(6) Potential policy options or legislative changes to encourage or facilitate the holding or investment of public funds consistent with prudent fiscal management and overall financial benefit to Nebraska taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED NINTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Banking, Commerce and Insurance Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.