

ASSISTANT CLERK: LB 384 was introduced by Senator Landis. (Read title.) The bill was read for the first time on January 12 of this year, referred to the Banking Committee. They report the bill to General File with no committee amendments.

SENATOR COORDSEN: Thank you, Mr. Clerk. Senator Landis, to open on the bill.

SENATOR LANDIS: Thank you, Senator Coordsen. You did just introduce Professor Ric Richardson. Actually his most significant claim to fame is that he is the uncle for our Page, Jessica, who is with us every day and by far the better half of the family we get to keep here permanently and Richardson is on loan to New Mexico. LB 384 is a measure that I introduced in front of the Banking, Commerce, and Insurance Committee. Largely, these are the provisions that the Nebraska Bankers Association have collected this year. They appeared in support of the bill, as did the Independent Bankers Association and the Director of the Banking Department, Jim Hansen. There were only proponents, no opponents. There was a neutral statement by Allen Beermann from the Press Association and the bill came out seven to zip. There are a series of issues in the bill. One is to allow a new definition to appear in our statutes to allow them to conform with federal law, bank subsidiary corporations and that will mean a corporation which has a bank as a shareholder and engages in activities which are part of or incidental to the business of banking other than the receipt of deposits, in other words, an insurance agency connected with the bank. It might be a travel agency connected with a bank, but in other words, a bank subsidiary corporation, the bank owns it, does some kind of business incident to the banking operation. It allows banks to have up to 35 percent of their paid up capital stock surplus, undivided profits in these subsidiary corporations so long as it has the approval of the Director of Banking. We have a new section to provide that these bank subsidiary corporations may engage only in lawful activities which bank shareholders authorize and engage in activities only at locations where the shareholder can perform the activities. This cleans up a potential question with a provision we have with respect to Omaha where in the City of Omaha banks may not sell insurance or annuities so that is not disturbed. We make clear recognition of that in this subsection. Lastly, bank subsidiary corporations will be examined. Normally there is a four-year bank examination cycle but that examination and