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February 20, 1997 LB 351

SENATOR CROSBY: Discussion on LB 351, Senator Wesely.

SENATOR WESELY: Well, you know the train goes down the track, and every once in awhile you like to put a little red light up there, raise a question. I know that sometimes we move fast, sometimes we don't around here. (LB) 351 is a bill that, again, I raised some issue on earlier when it was up on General File. The issue is the question of interstate banking opening up Nebraska because of federal law that was passed a couple of years ago that, basically, preempts the state from the authority to regulate our banking structure. At one point, this state did not allow for not only the interstate banking, but didn't even allow within our state the branch banking or the multibank holding company concepts which eventually emerged in the early 1980s. This state has been very careful about trying to maintain a community banking structure, and we were, I think, slow in moving to open up our doors to broaden within the state, let alone outside of the state, the opportunity for larger banks from some distance moving in to providing for banking services in our state. The question I've got, and I'm going to ask Senator Landis to respond. We...this came up a little quicker than we thought, but the question that I've got for him will deal with the question of the Community Reinvestment Act. When we passed the interstate banking bill for Nebraska, we put into it some provisions that protected the interest of the state of Nebraska. What we did was require that a review be undertaken by the Banking Director, that Community Reinvestment Act be reviewed by the bank that wanted to come into this state, that there be some provisions that protected our communities from having an out-of-state bank coming into Nebraska and taking assets away from the state instead of reinvesting them into the community, and that was a provision in the state interstate banking law that we passed a few years ago, and as the author of that language, I'm very concerned about trying to see what rights the states have to maintain community reinvestment standards for our banks in Nebraska should they be purchased by an out-of-state banking entity. Again, Nebraska has had a tradition of community banking. We have been very cautious about trying to maintain that link between the community and the financial institutions that serve it. You break that link, you move it farther away, not only from the small towns in Nebraska to our larger cities in Nebraska, but you move it now to other