

ONE HUNDRED FIFTH LEGISLATURE - FIRST SESSION - 2017
COMMITTEE STATEMENT
LB375

Hearing Date: Tuesday February 14, 2017
Committee On: Banking, Commerce and Insurance
Introducer: Schumacher
One Liner: Change provisions of the Credit Union Act

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Baker, Brewer, Craighead, Kolterman, Lindstrom, McCollister, Schumacher, Williams
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:

Senator Paul Schumacher
Brandon Luetkenhaus
Director Mark Quandahl

Representing:

Introducer
NE Credit Union League
NE Dept. of Banking and Finance

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

OVERVIEW

This bill would amend sections 21-1701, 21-1709, 21-1724, 21-1736, 21-1740, 21-1741, and 21-1782 of the Credit Union Act relating to applications to organize a credit union, examinations of credit unions by the Department of Banking and Finance, joint acquisition of personal property by credit unions, acquisition by a credit union of assets or liabilities of another financial institution, operation by a credit union of safe deposit box services, and joint ownership of credit union share accounts. The bill would also outright repeal two obsolete sections, sections 21-1725 and 21-17,116.

SUMMARY

The bill would provide, section by section, as follows:

Section 1 would amend section 21-1701 to provide for assignment of new section 2 within the Credit Union Act and change the last cited section of the act to accommodate the outright repeal of section 21-17,116, an obsolete section.

Section 2 would provide for a definition of "financial institution."

Section 3 would amend section 21-1709 to provide that the definition of "fixed asset" shall be "assets as prescribed in generally accepted accounting principles" instead of "a structure, land, furniture, fixture, or equipment, including computer hardware and software and heating and cooling equipment, affixed to premises."

Section 4 would amend section 21-1724 to provide that the Director of Banking and Finance shall notify applicants for a certificate of approval to organize a credit union of his or her decision on the application within one hundred twenty calendar days after his or her receipt of the articles of association and bylaws.

Section 5 would amend section 21-1736 to provide that the members of the board of directors and the members of the supervisory "committee" and the credit "committee, if any," shall meet to consider the matters contained in the report of credit union's examination by the Department of Banking and Finance.

Section 6 would amend section 21-1740 to provide that a credit union may "individually or jointly with other credit unions" purchase, lease, or otherwise acquire and hold tangible personal property necessary or incidental to its operations. This section would further provide that, with the approval of the Director of Banking and Finance, a credit union may purchase the assets or assume the liabilities of another "financial institution" instead of just another credit union, and would further provide that a credit union may also purchase any of the assets of a "financial institution," instead of just a credit union in liquidation or receivership.

Section 7 would amend section 21-1741 to provide that a credit union may operate a safe deposit box service for its members to the same extent as a Nebraska state-chartered bank.

Section 8 would amend section 21-1782 to provide that a credit union may designate a person or persons to own a share account under any form of joint ownership permitted by law "and allowed by the credit union." This section would repeal provisions which provide that "no co-owner, unless a member in his or her own right, shall be permitted to vote, obtain loans, or hold office." This section would repeal provisions which provide that "In the event of the death of the person who owns the share account, the share account funds and any dividends thereon shall be paid to the co-owner and shall not be maintained in a share account unless the co-owner is a member in his or her own right." This section would provide that "If more than one joint owner seeks credit union membership through a joint account, each prospective member must meet any membership requirements described in the credit union's bylaws."

Section 9 would provide for repealers of the amendatory sections.

Section 10 would outright repeal sections 21-1725 and 21-17,116 which provided transitional requirements for credit unions in existence on October 1, 1996 when the current Credit Union Act became operative.

Brett Lindstrom, Chairperson