

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee January 21, 2020

**WILLIAMS:** And welcome to the first hearing of this legislative session for the Banking, Commerce and Insurance Committee. My name is Matt Williams and I'm from Gothenburg, representing Legislative District 36. And I am pleased to serve as chairman of this committee. The committee will take up the bills as posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members may come and go during the hearing. We have to introduce bills in other committees and are sometimes called away. It is not an indication that we are not interested in the bills being heard at this committee, it's just part of the process. To better facilitate today's proceeding, I ask that you abide by the following procedures. First of all, the information is posted on our chart. No, it is not anymore. So we'll take that out. Please silence or turn off your cell phones. When you are getting ready to testify, if you would please move to the front row. The order of testimony will always be the introducer, followed by proponents, followed by opponents, and then any neutral testimony, and then a closing statement. Testifiers need to sign in. Your pink sign-in sheets to the committee clerk need to be handed in when you come up to testify. When you testify, if you would please spell your name for the record so we get that correctly. And please be concise. Other than the introducer, we will request that you limit your testimony to five minutes. And we do use a clock system. Green is your, is your start time, and after four minutes the yellow time will come on, and then the red after that. And Mr. Goins, you don't have to worry about the timer, we're not going to time you today--

**ANTHONY GOINS:** Thank you, Senator.

**WILLIAMS:** --when we get to that. Written materials will all be-- also be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff. You will need to provide 10 copies. If you do not have 10 copies, please bring them up and we will make copies for you. To my immediate right is committee counsel, for many years now we are pleased to have Bill Marienau. And to my left at the end of the table is our committee clerk, Natalie Schunk. I will invite the committee members that are with us today to introduce themselves, starting with Senator Gragert.

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**GRAGERT:** Thank you. Senator Tim Gragert from 40th District, northeast Nebraska.

**La GRONE:** Andrew La Grone, District 49: Gretna and northwest Sarpy County.

**KOLTERMAN:** Mark Kolterman, District 24: Seward, York, and Polk Counties.

**QUICK:** Dan Quick, District 35: Grand Island.

**WILLIAMS:** And we do have two senators, Senator Lindstrom is ill this afternoon, and Senator Howard was called away for committee work in her committee getting ready for testimony tomorrow. We will also be taking a short break around 3:00, depending on how the testimony goes. So we will open our first hearing today with the appointment on confirmation process for Anthony Goins, and welcome him to the witness stand. And he is here to go through a confirmation hearing for being director of the Department of Economic Development. Welcome, Mr. Goins.

**ANTHONY GOINS:** Thank you.

**WILLIAMS:** The floor is yours.

**ANTHONY GOINS:** I'm honored to be here. Good afternoon, Chairman Williams and the members of the Banking, Commerce and Insurance Committee. For the record, my name is Anthony Goins, spelled A-n-t-h-o-n-y G-o-i-n-s. It is an honor to appear before you today, having been selected by Governor Ricketts to serve as Nebraska's director of the Department of Economic Development. I'm excited to serve in this role and elated to have the opportunity to partner with the business community, economic developers in support of growing Nebraska. I, along with my family, moved to Nebraska in August of 2014. Throughout my professional career, I've lived in 14 different cities, 10 states. Without question, Nebraska is number one. This is our home and we are done moving. We are full-fledged, all-in Nebraskans. I was born in Greensboro, North Carolina, and joined the United States Marine Corps on December the 6th, 1981, at 18 years of age. My primary job was that of a machine gunner in the infantry as a member of the 2nd Battalion, 4th Marines. Sec-- in Camp Lejeune, North Carolina. My secondary job was that of a legal chief for the battalion. In October of 1983, 241 sailors and marines were killed when terrorists drove bombs in the barracks in Beirut, Lebanon. Soon

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after, President Reagan visited camp Lejeune to address and console angry and grieving marines, his words were powerful and touched my heart. At that moment, my respect for my commander in chief endeared me to his leadership. During my service to our country as a marine, I earned the rank of sergeant in two and a half years. The values and leadership principles that I have learned as a marine have been the foundation for my life's work. My active service ended October the 6th of 1986. However, once a marine, always a marine still holds true to this day. My civilian work career began in 1986 as a security guard for a firm known as American Express. Over a nine-year tour, I went through extensive training, had many coaches, mentors, trainers, majored in business management at North Carolina A&T State University and, and rose throughout the ranks to become a senior leader with large strategic responsibility. I would go on to grow in leadership roles with large firms such as Key Bank; Ford Motor Credit Company, where I was accountable for 1,200 teammates and a \$20 billion portfolio. I went on to serve as an executive for USAA; and then in 2010, I joined JP Morgan Chase as the head of automotive and student operations, leading up to 3,000 teammates in the Philippines and across North America, including Mexico. In July of 2014, I was contacted by an executive recruiter to join Cabela's, the World's Foremost Bank, as their chief operating officer. His statement was: Tony, this is a great career opportunity. But the only downside is the job is in Nebraska. I had never been to Nebraska, and I really considered the interview a courtesy. But after three days, it was clear that I was taking the job and Nebraska would be my new home. After remediating well-publicized regulatory challenges at the bank, we grew from \$4.5 billion in assets to almost \$6 billion in assets at the time of the acquisition by Capital One. I left Capital One on May 3 of 2018, started a consulting firm with partners, opened the Capital Cigar Lounge. And then in May of 2019, I joined Lincoln Industries to lead their branded products for their firm. My wife, Kim, and I had a number of opportunities to return to her home state of Texas. And to my surprise, she wanted to stay, and that suited me well. On July of 2019, I received a call of a lifetime from Governor Pete Ricketts, asking me to serve as the director of economic development. My initial thought was that of reservation. I'm not versed in the details of politics, nor is that appealing to me as a profession. I'm not a classically trained economic developer or a real estate guy. The Governor's words were centered on me becoming the chief salesperson for the state and focused on growing Nebraska in line with my profession-- professional business track record. After discussing with Kim, a few confidants and prayers, I accepted the challenge. So now

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what's the way forward? Let me first acknowledge the work of two of my immediate predecessors, Courtney Dentlinger and Dave Rippe. They foundationally prepared the way for forming a great team that has produced irrefutable business results. My first 90 days on the job, beginning in October of 2019, have been headlined by traveling Nebraska to listen, learn, and share my personal story in those communities. I visited Valentine, Cody, Ord, North Platte, Broken Bow, West Point, Burwell, St. Paul, Norfolk, Wayne, Thedford, Madrid, Hastings, Schuyler, Fremont, and many others. The headline of our agenda starts with the vision of GROW Nebraska, and it is mission critical that all Nebraskans align with this vision. To that end, I'd like to propose five levers that would holistically be used to support profitable growth and they are as follows. Number one, win Site Selection manganese-- Magazine's Governor's Cup, growth and profitable expansion. Number two, retention both of companies and our young professional talent. Number three, quantify job needs. Number four, increase brand recognition and rebrand. Number five, execute a regional plan which includes high-speed connectivity broadband and divides the state up by regions. I'd like to briefly discuss each lever and the large drivers that support achieving those goals. Number one, win Site Selection Magazine's Governor's Cup, growth and profitable expansion. This means creating higher-wage jobs, recruitment, innovation, technology becomes our overarching theme, supporting business verticals that are most critical to our economy, which are agriculture, manufacturing, insurance, banking, financial services, and healthcare. We have to create new and more capital investments. We have to support exports for farmers and ranchers, and that is domestically and internationally. We have to grow our small businesses and drive the friction out of startup and the expansion process. We have to recruit and develop talent with an emphasis on hiring our veterans from around the country. Number two, retention, companies and our young professional talent. We have to cultivate relationships with existing businesses and encourage expansion. We have to strengthen our partnerships between our educational system, the business community, and community leaderships with the end game of creating substantially more internships and apprenticeships. We must stop the exodus of talent to neighboring states that intentionally target our post-educational system. We must enhance the Developing Youth Talent Initiative, and then we must highlight and grow the arts, music, theaters, and humanities. Create cool places for people to live and play, and spaces that drive harmony and chemistry. Number three, quantify job needs. We must determine the highest-demand job categories both for today and the future. We must establish a baseline

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and forecast the need in each one of those categories. Number four, brand recognition, rebrand. We must create a holistic, multipronged marketing plan. We've got 1.94 million marketing and sales leaders. Create a new narrative about our state that will attract talent and revenue. Our value proposition are talented people with a powerful work ethic and successful business leaders that are accessible and willing to share. Here in Nebraska, relationships matter, kindness matters. Promote Silicon Prairie, Nebraska as a tech state with multiple business verticals that drive value for the lives of the citizens in the state of Nebraska. Promote our diverse landscape from the urban swag of the Capitol District, Aksarben, and the Haymarket, to the beautiful Sandhills and the lakes in areas in central and western Nebraska that supports the best outdoor activities in the country. Logistically, we're the middle of everywhere. Two to three hours travel anyplace in the U.S. We will become the "fly-to state," not the "fly-over state." Execute a regional plan which includes high-speed connectivity and broadband. Devise the state by regions-- divide the state by region using our postsecondary educational system and hospitals as institutions and tech hubs. Create radiiuses in these regions that have proximity to support similar economic conditions. Conduct a current state analysis to determine performance baselines. Create success goals, measurements, metrics, monitor and improve results. Create a regional balance scorecard. Scale accordingly by adopting best practices or adapting them to fit the regions across the state. Leadership must be our headline in order for us to move forward. To whom much is given, much will be required. Serve for the greater good of the citizens, the community, and the state of Nebraska. Realignment through conversations and compromise. All marines, regardless of rank or personal beliefs, are aligned around the ethos of Semper Fidelis, which means always faithful to God, our country, and our core. That alignment is non-negotiable. Ensure that our decisions consider the long-term impact on this state and always understand the risk of doing nothing. Building affordable housing is mission critical to support these growth levels, and we will monitor and review tactics to improve inventory levels by region in order to meet demands. Note that strategically we will install a risk management system in order to proactively anticipate and prevent issues and remediate breakages more effectively as they are core. Our story has been undertold and undersold. I look forward to getting back on the road and visiting citizens and communities. I believe that we are great, but we have an opportunity to be greater. That if we all make adjustments where needed to our behaviors then our outcomes will change. There is something in the water and it's time for the entire

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world to know what makes our state special. If you want to work hard, have fun, raise a family in a growing state, then Nebraska is for you. I am proud to serve with Governor Ricketts and to serve the great state of Nebraska. Thank you for your time and I'm happy to answer questions that you may have.

**WILLIAMS:** Thank you, Mr. Goins. Would you like to take a minute and introduce us to your family that's here today?

**ANTHONY GOINS:** I would, yes.

**WILLIAMS:** Thank you.

**ANTHONY GOINS:** Thank you. I've got my, my lovely wife, Kimberly; my granddaughter, little Jaya [PHONETIC]; my other granddaughter, Jada [PHONETIC]; my grandson, Jalen [PHONETIC]; our oldest daughter is in the back, Toni with an "i"; and my little grandbaby, little Charlie [PHONETIC].

**McCOLLISTER:** Oh, that's great.

**WILLIAMS:** Thank you for being here today. Questions from the panel? Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Williams. Mr. Goins, thank you for coming.

**ANTHONY GOINS:** Yes, sir.

**KOLTERMAN:** Appreciate we've had an opportunity to work together and talk together on many occasions.

**ANTHONY GOINS:** Yes, we have.

**KOLTERMAN:** I have two questions for you.

**ANTHONY GOINS:** Yes, sir?

**KOLTERMAN:** You talk about secondary education, postsecondary education.

**ANTHONY GOINS:** Absolutely.

**KOLTERMAN:** Will that include the independent colleges throughout the state of Nebraska as well as the public universities?

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**ANTHONY GOINS:** Absolutely. When I speak, Senator Kolterman, when I speak about our postsecondary educational system, I'm talking about anything after high school. And so I think it's really clear that there has to be a stronger partnership between our postsecondary educational systems, all colleges, trade schools after high school, and the business community. I think our business community has to commit to signing up for more internships. These college students have to know that when they graduate from college or any postsecondary educational system that they already have a job position. And we have committed to reducing that attrition by 10 percent. But we've also committed to working with the business community to increase internships and apprenticeships by 10 percent. We've got to offset that, that attrition.

**KOLTERMAN:** And I, and I, I appreciate that. I asked that simply because I like to think that they are economic drivers in the communities that they're in, the independent colleges, and be, be happy to help introduce you to many of those leaders. The second question that I have is, obviously you're a marine.

**ANTHONY GOINS:** Yes, sir.

**KOLTERMAN:** Do you really think you'll be able to work with the president of the University of Nebraska? He's, he's a navy guy, isn't he?

**ANTHONY GOINS:** I've already met with President Ted Carter and we have a great relationship. Yes, sir.

**KOLTERMAN:** Maybe you can help him along the marine way, right?

**ANTHONY GOINS:** Yeah, I think we'll help each other.

**KOLTERMAN:** All right. Thank you.

**ANTHONY GOINS:** Yes, sir. Thank you.

**WILLIAMS:** Additional questions? I have a couple of questions. First of all, did you wear that red tie when you interviewed with Cabela's?

**ANTHONY GOINS:** No, sir, I didn't.

**WILLIAMS:** You didn't wear a North Carolina tie, though, did you?

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**ANTHONY GOINS:** I did not, no, sir. I wore a blue tie when I interviewed with Cabela's.

**WILLIAMS:** So many of us around this table and in this body believe wholeheartedly in economic development and needing to continue to grow our state to control our, our taxes. We're faced with the sunset of Nebraska Advantage coming at the end of this calendar year.

**ANTHONY GOINS:** Yes.

**WILLIAMS:** And Senator Kolterman and others are the sponsors of LB720, the, the updated version of that. Could you talk a little bit about your perspective and the needs for our state to provide incentives for economic development growth?

**ANTHONY GOINS:** Well, Chairman Williams, I think corporate tax incentives are imperative for us to be able to compete. I mean, it would be very detrimental to our state if we were the only state that didn't have corporate tax incentives. I think initially, in, in addition to that, it allows us to articulate our value proposition. And I think the narrative has to be that corporate tax incentives are not just for Lincoln and Omaha. I mean, we've got corporations that are in greater Nebraska. I, I think broadband capabilities are important because we can have conversations about work-from-home jobs, but corporate tax incentives are, are completely necessary. When you look at Texas; when you look at Nashville, Tennessee; when you look at some of the states that have very, very deep corporate tax incentives and, and they're winning business. I mean, you can't compete in today's environment without corporate tax incentives.

**WILLIAMS:** Thank you. Any additional questions? Seeing none, thank you.

**ANTHONY GOINS:** Thank you, sir.

**WILLIAMS:** I would invite anyone that is here to testify in support to come up and testify now at this time. Welcome, Ms. Creager.

**JENNIFER CREAGER:** Thank you. Chairman Williams, members of the committee, for the record, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, appearing today on behalf of the Greater Omaha Chamber. I'm also, also authorized to give testimony today on behalf of the Nebraska Chamber of Commerce and Industry. We strongly support the nominations of Tony Goins as the director of the Department of Economic Development. I'm distributing a letter from the

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Omaha Chamber's president and CEO, David Brown, also in support of the nomination. Mr. Brown and Director Goins have a longstanding personal and professional relationship, going back to their time in South Carolina. Director Goins has served as a member of our chamber's board of directors. We have found him to be a dynamic and visionary-thought leader. He's already done a fantastic job of leading the department and representing our state, and we know that that will continue. Our chambers are very glad to have his leadership in place at a crucial time for economic development in the state. We urge the committee to report his nomination favorably to the floor. Thank you.

**WILLIAMS:** Thank you, Ms. Creager. Any questions? Seeing none, thank you for your testimony.

**JENNIFER CREAGER:** Thank you.

**WILLIAMS:** Invite our next proponent. Welcome, Mr. Bohrer.

**BRUCE BOHRER:** Thank you. Good afternoon, Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name is Bruce Bohrer, spelled B-r-u-c-e B-o-h-r-e-r. I'm the registered lobbyist for the Lincoln Chamber of Commerce, and I'm pleased to be here this afternoon in support of the appointment of Anthony Goins as director of the Department of Economic Development. We firmly believe Mr. Goins has the business experience, leadership skills, and positive temperament to be an excellent director for the Department of Economic Development. And he's already done that. I, and other members of the Chamber and our Lincoln Partnership for Economic Development leadership staff have worked with Anthony, first when he was with Cabela's World's Foremost Bank, and then continuing through his tenure at Lincoln Industries and as a local businessman and entrepreneur. I think he referenced Capital Cigar Lounge. We have always been impressed with Mr. Goins' knowledge of finance and business development and his national network of contacts in business. Mr. Goins is a team builder, a strategist, and a positive force for our community and our state. As a marine, as you've already heard, Mr. Goins understands mission and devotion to integrity. We are honored to have him serve on our board and we are honored to be here today to support his appointment. His values and leadership line up very well with ours. I would be happy to answer any questions you might have. Thank you.

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**WILLIAMS:** Thank you, Mr. Bohrer. Any questions? Seeing none, thank you for your testimony.

**BRUCE BOHRER:** You're welcome.

**WILLIAMS:** Anyone else to testify in support? Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, that will close our hearing. Our process, Mr. Goins, will be after our session today. We will be meeting in Exec Session to consider the advancement of the appointment to the floor of the Legislature. Thank you for being here and thank you for bringing your family.

**KOLTERMAN:** At this time, we'll move on to LB909. Senator Williams will be making the presentation. I'm taking Senator Lindstrom's place today because he asked me-- he's not feeling well and he had to leave. So, Senator Williams, will you open on LB909, please?

**WILLIAMS:** Thank you, Senator Kolterman and members of the Banking, Commerce and Insurance Committee. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I'm here today to introduce LB909. LB909 was-- has been introduced at the request of the director of the Department of Banking and Finance. It is a housekeeping measure to update-- date and clean up various sections of statute involving financial institutions. First, the bill would amend what we call the "wild card" sections in the statute to provide that state-chartered banks, state-chartered savings, and loan associations and state-chartered credit unions have all the rights, powers, privileges, benefits, and immunities that may be exercised by their federal counterparts as of January 1, 2020, changing from January 1, 2019. The Legislature may adopt by reference existing law and other jurisdiction such as the federal government. But under our state constitution, the adoption by reference cannot be a federal law not yet in existence. Due to this restriction on legislative authority, the "wild card" sections are updated annually. In this way, we uphold the notion that our state-chartered financial institutions should not find themselves in a disadvantageous position in relation to their federally-regulated counterparts. Along the same line, LB909 would amend various sections so that reference in them to federal statutes and federal regulations would be to those federal statutes and federal rules and regulations as they existed on January 1, 2020, instead of January 1, 2019. Those sections are found in the Nebraska Banking Act, the Savings and Loan Association statutes, the Securities Act of Nebraska, the Commodity Act, the Credit Union Act, the loan broker statutes, the Nebraska

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Installment and Loan Act, the Seller Assisted Marketing Plan Act, the Consumer Rental Purchase Agreement Act and Article 4A of the Uniform Commercial Code. The bill would refine restrictions on borrowing by banking employees-- by Banking Department employees, excuse me, from state-chartered financial institutions. The bill would refine the definition of unimpaired capital and unimpaired surplus for qualifying banks that have elected to use the community bank leverage ratio as set forth under federal capital adequacy standards. The bill would also repeal obsolete provisions regarding publication of bank call reports. The bill would update language regarding disposition of fines, which are now commonly accepted verbiage. This is an overview, a very quick overview, of LB909. Director Quandahl will testify behind me to more fully discuss any details and answer any specific questions that you might have. Thank you, Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Williams. Are there any questions for Senator Williams? At this time, we'll, we'll start to hear testimony in support of LB909. Director Quandahl, please.

**MARK QUANDAHL:** Senator Kolterman, members of the Banking, Commerce and Insurance Committee, my name is Mark Quandahl, it's Q-u-a-n-d-a-h-l, and I'm director of the Nebraska Department of Banking and Finance. I'm appearing here today in support of LB909, which was introduced at the behest of the department. LB909 proposes updates to a number of laws governing many of the industries regulated by the department through its Financial Institutions Division and the Nebraska Bureau of Securities. The focus on LB909 is to update 10 separate acts, including revisions that the Legislature has been adopting on an annual basis. LB909 contains the annual equal rights updates for Nebraska's state-chartered banks, credit unions, and savings and loan associations. Three sections provide our state-chartered depository institutions with the same rights, powers, and privileges as those enjoyed by their federally-chartered counterparts doing business in Nebraska. These three laws have traditionally been known as the "wild card" laws because, as in a card game, where the player who holds the wild card may give it any value. Nebraska state-chartered institutions may invoke a federal law or regulation that gives it a right, power, or privilege that is greater than or different from Nebraska law or regulation permits. Due to state constitutional restrictions, as Senator Williams set forth, we have to update this on an annual basis. The Legislature first adopted the savings and loan wild card statutes in 1971, credit union in 1977, and the bank wild card statute in 1999. The amended reference date is January 1, 2020, and these amendments

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are found in Sections 8, 10, and 17 of the bill. LB909 includes two revisions of the Nebraska Banking Act, resulting from 2019 federal regulatory revisions. Section 3 of the bill would amend Section 8-141, which sets limits on the amount that a bank may loan to any one consumer. Section 8-141 gives a bank two options in calculating its lending limits: 25 percent of the bank's paid up capital surplus in capital notes and debentures, or 15 percent of the unimpaired capital and unimpaired surplus of the bank. The definition of unimpaired capital and unimpaired surplus mirrors federal law. Federal regulators recently issued a new final capital rule implementing the community bank leverage ratio. This rule provides that a qualifying financial institution does not have to report risk-based capital in the consolidated reports that are filed quarterly. Banks that qualify will not report Tier 2 capital. The effective date for the community bank leverage ratio is January 1, 2020, and will update the definition of unimpaired capital and surplus to allow qualifying state-chartered banks to use the community bank leverage ratio. LB909 would remove obsolete language in the Nebraska Banking Act related to the publication of bank reports by amending Section 8-167 and repealing Section 8-167.01. These proposals are found in Sections 6 and 29 of the bill. Section 8-167 requires the publication of bank reports known as call reports. Under Section 8-167.01, the publication requirements are waived if a bank complies with 12 CFR Part 350, which initially required banks to make annual disclosure statements of certain financial data information available to the public and later file the disclosures and call reports electronically. As a result of the waiver provision, banks have not published call reports since the 1990s. The FDIC rescinded and removed Part 350 of the FDIC regulations effective April 17, 2019, as obsolete because advancements in technology provide ready access through the FDIC website to extensive and timely information on a bank's condition and performance. LB909 proposes to repeal Section 8-167.01 since federal law on, on which it is based is been rescinded in its entirety. Section 167 is amended to remove the publication requirement from the statute is unnecessary because all such reports are now readily available to the public on the Internet. The department also proposes to amend Section 8-103 to authorize certain employees of the department to borrow from Nebraska state-chartered financial institutions. Current law prohibits all department employees from borrowing from state-chartered banks, credit unions, savings and loan companies, except for the Nebraska State Employees Credit Union. This proposal would allow the department employees not involved in the examination of financial institutions who are serving in the legal or executive functions of the agency to

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obtain loans, including lines of credit and credit cards from such institutions. This amendment affects 19 of our current 67 employees, including staff assistants, administrative assistants, personnel, accounting, information technology, and most of our securities bureau personnel. This amendment is in Section 1 of the bill. LB909 proposals to update all cross-referenced statutes and regulations affecting the industries under the department's jurisdiction. This update will provide a new reference date of January 1, 2020 within 16 Nebraska statutes, including the Nebraska Banking Act, Sections 2, 4, 5, and 7; Savings and Loan Statutes, Section 9; the Securities Act of Nebraska, Sections 11, 12, 13, and 14; the Nebraska Commodity Code, Sections 15 and 16; the seller-assisted marketing plan that's found in Section 22; the Consumer Rental Purchase Agreement Act that's found in Sections 24, 25, and 26; and the Uniform Commercial Code, Section 27. The remaining amendments in LB909 are housekeeping updates to consumer finance laws. So I want to thank Chairman Williams for introducing this legislation, and I'd be happy to answer any questions on LB909.

**KOLTERMAN:** Are there questions? Seeing none, thank you.

**MARK QUANDAHL:** Yep, thank you.

**KOLTERMAN:** Welcome.

**BOB HALLSTROM:** Thank you. Acting Chair Kolterman, members of the committee, my name is Bob Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today on behalf of the Nebraska Bankers Association in support of LB909. My comments will be brief, I just want to make the record that there are certain substantive provisions contained within LB909 that the NBA supports. First, is the annual update of the state bank and savings and loan wild card legislative provisions. Secondly, is the extension of borrowing authority for designated employees of the Department of Banking that are not involved in financial institution supervision. I might add that this was an issue that was brought up late in the process a few years ago when the committee and a working group of industry representatives looked at modernizing the banking code. It came up late in the process. It was worthy of consideration, but we had a rule that you had to have unanimous consent from everybody. So it was put off and we're glad to see it make it as part of this bill. The next issue has to do with the community bank leverage ratio and the elimination of Tier 2 risk-based capital reporting requirements in association with federal law relating to lending limits. Finally, with regard to the changes to Section 8-167 relating to the elimination of the publication

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requirement for bank call reports. We support all of those provisions specifically, and the bill in general. I'd be happy to address any questions that the committee might have.

**KOLTERMAN:** Thank you very much. Any questions?

**BOB HALLSTROM:** Thank you.

**KOLTERMAN:** Thank you. Welcome.

**BRANDON LUETKENHAUS:** Welcome. Thank you, Senator Kolt-- Kolterman. Members of the Banking, Commerce and Insurance Committee, my name is Brandon Luetkenhaus, B-r-a-n-d-o-n, last name, L-u-e-t-k-e--n-h-a-u-s. I'm here on behalf of the Nebraska Credit Union League. Our association represents the state's 60 credit unions in Nebraska and their credit union members. We're here in support of LB909 and want to thank Senator Chairman Williams and Director Quandahl for this legislation. Primarily, our focus on this bill is the wild card or parity provision for state-chartered credit unions, of which we have 12 in Nebraska out of 60 credit unions. For those credit unions, this is very important. It's obviously very important for the dual chartering system whereby credit unions can ebb and flow from, from federal or to state, to the state charter. So for that reason, we are in support of LB909 and would welcome any questions you might have.

**KOLTERMAN:** Are there any questions? Thank you, Mr. Luetkenhaus.

**BRANDON LUETKENHAUS:** Thank you.

**KOLTERMAN:** Next testifier in support. Seeing none, are there any-- is there anybody here in opposition to the bill? Anybody here in a neutral position? Seeing none, Senator Williams, you're welcome to close on your bill.

**WILLIAMS:** Thank you, Senator Kolterman and, and committee members. And I would really like to thank the director and the department for making an 88-page bill not any more painful than it has to be for those of us that pay attention to those things. This is important information and updates that need to be made. And I would encourage the committee to advance the bill.

**KOLTERMAN:** Are there any questions for the senator?

**WILLIAMS:** Whoever took my file on my next bill, either Hallstrom or--

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**KOLTERMAN:** Well, since I seem to have lost control here, this hearing will be ended. All right. Now we're gonna move on to the next hearing, LB774 by Senator Williams again. You're welcome to open on your bill, LB774.

**WILLIAMS:** Thank you again, Senator Kolterman and members of the Banking, Commerce and Insurance Committee. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I'm here today to introduce LB774. Director Bruce Ramge asked that I introduce LB774 on behalf of the Department of Insurance. LB774 amends certain Nebraska statutes governing credit for reinsurance in order to reflect the latest updates to the model act adopted by the National Association of Insurance Commissioners. Historically, non-U.S. reinsurers have been required to hold 100 percent collateral within the U.S. for the risk they assume from U.S.-based insurers. The U.S. Department of Treasury entered into the bilateral, bilateral agreement between the United States and the European Union on prudential majors regarding insurance and reinsurance on September 22, 2017, and a substantially similar agreement with the United Kingdom on December of 2018, which eliminated this collateral requirement if certain criteria was met. These agreements specifically require states to eliminate reinsurance collateral requirements entirely for certain reinsurers within five years or be subject to federal preemption. Conversely, the EU and UK agreed to recognize a U.S. approach to group supervision of insurers. This bill implements the reinsurance collateral provisions of those international agreements and allows for flexibility in future jurisdictions receiving the same treatment. Director Ramge will testify behind me to provide a more thorough explanation and to answer your questions. Thank you, Mr. Acting Chairman.

**KOLTERMAN:** Thank you. Are there any questions for the senator? Seeing none, we'll move into support for the bill. Director Ramge.

**BRUCE RAMGE:** Senator Kolterman and members of the Banking, Commerce and Insurance Committee, my name is Bruce Ramge, spelled B-r-u-c-e R-a-m-g-e, and I'm the director of Insurance for the state of Nebraska. I'm here today to testify in support of LB774 and would like to express my gratitude to Senator Williams for introducing LB774 on the Department of Insurance's behalf. The changes made by LB774 are based upon revisions to a model law adopted by the National Association of Insurance Commissioners known as the NAIC, and are vital to the department's continued accreditation through the NAIC. The NAIC is the United States standard-setting and regulatory support

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organization, created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five United States territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, formed a national system of state-based insurance regulation in the United States. LB774 would amend the Credit for Reinsurance law to alleviate certain collateral requirements if specific regulatory criteria are met. As background, let me explain briefly the concept of reinsurance. Reinsurance is commonly known as insurance for insurance companies and provides insurance companies with the method to manage their own capital, risk, and to provide additional security to policyholders. Typically, the Department of Insurance does not have direct oversight of the reinsurer. Instead, the department regulates reinsurers indirectly by determining whether a Nebraska insurer can take credit for its reinsurance on its financial statements. If the reinsurer or the reinsurance agreement does not meet statutory criteria, the insurer may not release the reserves that represent the risk transferred. Historically, state insurance regulators have required non-U.S. reinsurers to hold 100 percent collateral within the United States for risks assumed from U.S. insurers. This requirement was the frequent subject of debate, causing various regulatory modifications over the last decade. Most recently, separate international treaties addressing the issue were entered into between the United States government and the European Union and the United Kingdom respectively. Those international treaties specifically require that the various states take action alleviating collateral requirements for the EU and UK reinsurers, provided certain regulatory criteria are met. In return, the EU and UK agreed to recognize the state's approach to group supervision, including group capital requirements. Significantly, the international treaties I mentioned also include provisions allowing for preemption of state regulatory authority in this subject matter area if states do not act to adopt the required changes by late in 2022. LB774 implements the reinsurance collateral provisions of these federal treaties and also allows the same treatment to jurisdictions that meet additional requirements consistent with the terms of these treaties. My colleagues in other states are also asking or will be asking their state legislators to adopt these changes. The amendments of LB774 will be an NAIC accreditation standard going forward. Thank you again for the opportunity to testify in support of LB774. I would be happy to answer any questions the committee might have.

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**KOLTERMAN:** Are there any questions? I have one.

**BRUCE RAMGE:** OK.

**KOLTERMAN:** So, Director Ramge, thank you for coming today, and thank you for all your help on this bill.

**BRUCE RAMGE:** Thank you.

**KOLTERMAN:** How many, how many years has Nebraska been associated with NAIC in your knowledge?

**BRUCE RAMGE:** I would say since the NAIC's inception, which was in the late 1800s, shortly after the, the Great Fire in Chicago. That was the impetus for forming the NAIC because that fire caused so many insurance companies to go bankrupt. And the states decided then that they needed to better coordinate the financial regulation of insurance.

**KOLTERMAN:** And you, and, and you as a director, you've been a director how many years now?

**BRUCE RAMGE:** Nine and a half.

**KOLTERMAN:** And, and as a director, you've been actively involved in NAIC, haven't you?

**BRUCE RAMGE:** Yes, sir.

**KOLTERMAN:** Do you think it serves us well?

**BRUCE RAMGE:** It serves us very well. The amount of services it provides to all the various states are really very instrumental in our ability to effectively regulate the insurance company, primarily IT services. For example, I can at my desk access the financial statement of every insurance company in Nebraska in very significant detail. It allows us to do financial regulation by running reports and by following guidelines that are discussed among the states. And it also helps us with our licensing. Because of the NAIC, we have insurance producers from across the country who are able to click a button and pay a small fee and have their license in Nebraska. And that helps with our state economy.

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**KOLTERMAN:** And, and as I understand it, this is model legis-- model legislation that's been brought to us from the NAIC and we're adopting that. Is that correct?

**BRUCE RAMGE:** Yes, that's correct.

**KOLTERMAN:** I'd just like to go on the record as saying thank you for your work working with the NAIC and your leadership in Department of Insurance.

**BRUCE RAMGE:** Thank you, Senator. It's my privilege.

**KOLTERMAN:** You're welcome. Any other questions?

**BRUCE RAMGE:** Thank you.

**KOLTERMAN:** Anybody else in support of this legislation?

**BRENNAN NEVILLE:** Good afternoon, committee members. My name is Brennan Neville, B-r-e-n-n-a-n N-e-v-i-l-l-e. I'm assistant general counsel at National Indemnity Company. National Indemnity is a member of the Berkshire Hathaway group of companies. And I'm here today on behalf of these companies to testify very briefly in support of LB774. As Director Ramge just testified, LB774 updates Nebraska's Credit for Reinsurance law to make it consistent with model legislation proposed by the National Association of Insurance Commissioners. These changes incorporate relevant provisions of the covered agreements between the United States, the European Union, and the United Kingdom to eliminate certain collateral and local presence requirements for reinsurers that have both high levels of surplus and meet certain capital solvency thresholds. These changes are part of the NAIC accreditation standards that states must update to have their-- with legislation by 2022 to avoid losing their accreditation. National Indemnity is domiciled in the state Nebraska, as are many of its affiliated companies. Therefore, the Nebraska Department of Insurance is our lead regulator for our insurance group. Our companies are licensed throughout the United States and we rely on the department's regulatory oversight to ensure that we are licensed elsewhere. Those states rely on the department's examination and oversight to ensure that all insurers are financially solvent. Therefore, it's vital that the department remain accredited by the NAIC. Because the Department of Insurance is an accredited regulator, its financial exams are accepted by other states that are members of the NAIC. So if the department were no longer to be accredited, National Indemnity and its affiliates might be subject

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to the time and expense of financial examinations by other jurisdictions. Passage of LB774 will assist Nebraska insurers, including National Indemnity and its affiliates, in engaging in reinsurance and insurance business. It will ensure that the Nebraska Department of Insurance will continue to be accredited by the NAIC, and will prevent Nebraska law from being possibly preempted by federal law. For these reasons, Nebr-- National Indemnity and its affiliates urge that LB774 be passed. And I thank you for your time.

**KOLTERMAN:** Any questions? I have one. So how many affiliates do you have in the state of Nebraska?

**BRENNAN NEVILLE:** We have in the National Indemnity group, there are perhaps 8 or 10 companies, and there are others in the, the Geico group as well. So perhaps all told, between 15 and 20.

**KOLTERMAN:** Is Geico domiciled in the state of Nebraska?

**BRENNAN NEVILLE:** Geico has subsidiaries that are domiciled in Nebraska, but Geico, the, the more famous Geico is, I believe, domiciled in Maryland.

**KOLTERMAN:** Would you say that-- would you elaborate a little bit on your relationship with the Department of Insurance?

**BRENNAN NEVILLE:** Well, the department is, is our lead regulator and it regulates the National Indemnity group of companies. We have property, casualty, and life insurance companies that have been regulated by the state of Nebraska. National Indemnity has been a Nebraska insurer since 1940. And some companies have more or less length.

**KOLTERMAN:** OK, thank you.

**BRENNAN NEVILLE:** Welcome.

**KOLTERMAN:** Any other questions? Seeing none, are there any-- thank you. Are there any others in support of this legislation?

**ROBERT BELL:** Good afternoon.

**KOLTERMAN:** Welcome.

**ROBERT BELL:** Senator Kolterman and members of the Banking, Commerce and Insurance Committee, my name is Robert Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the

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Nebraska Insurance Federation. I'm here to testify-- I'm here today to testify in support of LB774. Just real briefly, the Nebraska Insurance Federation is a primary trade association of insurers domiciled in where-- with a significant economic presence in Nebraska. Currently, the federation consists of 29 member companies and 8 associate members. Members write all lines of insurance. One of the goals of the federation is to promote concepts, the concepts and importance of insurance products to the public. Nebraska insurers provide high-value quality insurance products to Nebraskans that help protect Nebraskans during difficult times. And not only do Nebraska insurers provide protections to Nebraskans, but the companies also provide high-paying jobs. Members of the Nebraska Insurance Federation alone provide well over 14,000 jobs to the Nebraska economy. I'm not gonna rehash what the director and Mr. Neville said before the committee, but accreditation is very important to my member insurers. That's why they're here in Nebraska. Accreditation means that if a company is based in Nebraska and is examined by the Department of Insurance, that means New York, California, all the rest of the jurisdictions in the United States will accept that examination and allow that company to write, should it become a licensed in that state. And so it's very important to the insurance industry, domestic insurance industry, that the laws are kept up to date related to accreditation. And this committee has done a great job of that over the years. I think Nebraska is on the cutting edge of all NAIC model legislation that is relevant to financial solvency regulation like LB774. With that, I also, I handed out my testimony, my written testimony if you want to get deeper into the weeds of accreditation, but also a letter from the American Council of Life Insurers who also support LB774. And I would end my testimony there. Thank you, Senator.

**KOLTERMAN:** Thank you, Mr. Bell. Any questions? Seeing none, thank you.

**ROBERT BELL:** You're welcome.

**KOLTERMAN:** Additional supporters of LB774? Is there any opposition to LB774? Anybody in a neutral position to LB774? Mr. Senator Williams, you can now close on LB774.

**WILLIAMS:** Thank you, Senator Kolterman. And this group had last week a briefing from Director Ramge talking about the importance of the insurance industry to our state. Over 100 insurance companies are domiciled in our state. And there's a reason for that, and that's because we do things right. This department does things exceedingly well. And this is part of the cleanup and maintaining that

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accreditation that's necessary to go forward. With that, I would encourage the committee to advance LB774.

**KOLTERMAN:** Are there any questions? Then I'll close this hearing and turn it back over to Senator Williams to--

**WILLIAMS:** Do you have a letter of support?

**KOLTERMAN:** The letter of support was, was, was given--

**GRAGERT:** It's in the binder.

**McCOLLISTER:** It was Robert's, Robert's exhibit.

**KOLTERMAN:** Robert Bell gave us that, ACLI. That, that was given with his testimony. There was no letters of opposition.

**WILLIAMS:** Moving forward, we will open the hearing on LB782 to change the certified public accountant examination provisions presented by Senator Stinner. Welcome, Senator Stinner.

**STINNER:** Thank you, Chairman Williams and members of the Banking, Commerce and Insurance Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r, and I represent District 48, which is all of Scotts Bluff County. LB782 would allow individuals to take the CPA exam within 120 days prior to completion of necessary educational requirements. Under current statute, these educational requirements would include 150 hours of postsecondary academic credit and a bachelor's degree. Right now, individuals are only allowed to take the exam within 60 days. In addition, the bill removes outdated language and changes the 90-day notification requirement to 150 days. Notification requirement is the amount of time individuals has, has to notify the board, the Nebraska Board of Public Accountancy, after the first test section of the exam is taken. By increasing the allowance from 60 to 120 days and loosening the notification requirements, it is my attempt to help prevent students from leaving the state to take the CPA exam. We have seen throughout the state and across multiple industries Nebraska is experiencing outmigration of younger demographics entering the work force. I believe LB782 will add one more piece to the incentive package to keep the demographics in, in state in the accounting sector. I appreciate your consideration for LB782 and would be happy to answer any questions. And I do have people behind me that are a whole lot smarter than I am about this.

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**WILLIAMS:** Thank you, Senator Stinner. Questions for the senator? Seeing none, will you be staying to close, I'm assuming?

**STINNER:** I will.

**WILLIAMS:** Alrighty. We would invite the first proponent to come testify. Welcome.

**SHARI MUNRO:** Thank you. Good afternoon, Chairman Williams and members of the Banking, Commerce and Insurance Committee. For the record, my name is Shari Munro, S-h-a-r-i M-u-n-r-o, and I am chairman of the Nebraska Society as Certified Public Accountants, hereafter, the Society. We represent nearly 2,600 member CPAs. I am here today to express the Society's support of LB782, which would allow individuals to sit for the CPA exam within 120 days of completing the required 150 hours of education. Currently, individuals are only allowed to sit for the exam within 60 days of earning the education requirement. In addition, the bill removes outdated language and extends the amount of time in which an individual must notify the state board after sitting for the first section of the exam from 90 days to 150 days. The Society worked closely with the Nebraska Board of Public Accountancy drafting this legislation. We also appreciate the assistance of Senator John Stinner and his office on this measure, as well as the guidance of Banking Committee legal counsel Bill Marienau. The proposed changes within LB782 will provide greater convenience for those CPA examination candidates in Nebraska who choose to sit for the examination before completing the required 150-hour education requirement. Presently, some Nebraska candidates are sitting for the examination in other states. We hope that expanding the provisional requirements will lead to more candidates staying in the state to take the examination. Although this may not impact a large number of candidates, the society would like to ensure that the requirements to become a certified public accountant in Nebraska allow individuals some flexibility. As such, the Nebraska Society of CPAs recommends the advancement of LB782. Thank you for your valuable time and consideration, and I'd be happy to answer any questions you may have.

**WILLIAMS:** Thank you, Ms. Munro. Questions? Seeing none, thank you for your testimony.

**SHARI MUNRO:** Thank you.

**WILLIAMS:** Invite the next proponent. Welcome.

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**TOM PURCELL:** Thank you. I hit that, I'm sorry. My name is Dr. Tom, T-o-m, Purcell, P-u-r-c-e-l-l. I am the chairman of the accounting department at Creighton University, where I've been on the faculty for 41 years. I'm a CPA in the state of Nebraska for 40 years, and I serve as the vice chair of the State Board of Accountancy. And I'm here today representing the state board in support of LB782. And both the Senator Stinner and Ms. Munro mentioned the, the different grace periods. I thought it would be helpful to provide the committee with a little bit of perspective as an educator. So students complete their education at various stages during the academic year. Currently, the way the CPA exam works is to have four windows during the year when students can take the exam. Each window is three months long, less 20 days blackout period at the end of each window. Those windows correspond to the four quarters of the year. Currently the way Nebraska works, students who graduate in May could only take advantage of the second quarter, not the first in the May graduation period. Or, in the fall term, they can only take advantage of the fourth quarter, not the third quarter. So what this legislation will do, will allow them to take the exam either of those two windows, those quarters, during the last semester that they're in school. And my experience with students over the last 40 years is that they are in a much better position to pass the exam as soon as they finish their academic preparation and get a chance to get started on taking the exam. So this will really help those students accelerate their success on the exam. What Ms. Munro mentioned is we're seeing other jurisdictions, especially those that border us, do different things with the examination process. And as you know, from regulating the, the CPA profession in the state through this committee, there are two steps to that, that certification process, candidates have to pass the exam, which means they have the right education, and they also have to get experience so they can take the exam once they get the education requirement. And then it takes them another two or three years of experience to get certified so they can call themselves a CPA. When border states start loosening the requirements for when the students can take the exams, they could start on the exam in a different state, pass it, and then would have to move into Nebraska at some other time. We would still control their education, they'd still have to meet that education. But they're less concerned about that because they would still be able to possibly get certified in that other state. So we think this would be a good thing for our candidates. It's a good thing for Nebraska CPAs. We get a lot of students at Creighton that come from a lot of different jurisdictions. So I'm familiar with Minnesota, Iowa, South Dakota, Missouri, and so on. And trying to help

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students navigate that becomes very difficult because every state has their own rules. There's a national exam, but then there's 55 jurisdictions where they set up the regulation process. So this would give us more flexibility than we have currently. And so not only as a member of the state board, but as an educator, I'm strongly in support of this change. And I encourage the committee to vote it out to the floor of the Legislature for passage. If you have any questions, I'd be happy to help.

**WILLIAMS:** Thank you, Mr. Purcell. Questions? Seeing none, thank you for your testimony.

**TOM PURCELL:** Thank you.

**WILLIAMS:** Invite the next proponent. Seeing no one jumping up, are there-- is there anyone here to testify in opposition? Seeing none, anyone here to testify in a neutral capacity? Senator Stinner, you're invited to close. Senator Stinner waives closing. Do we have any letters? We do not have any letters. That will close the hearing on LB782. I would ask the committee to stay for a [RECORDER MALFUNCTION].