

**ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021**  
**COMMITTEE STATEMENT (CORRECTED)**  
**LB66**

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**Hearing Date:** Tuesday January 26, 2021  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Williams  
**One Liner:** Change deposit, bond, custodial official, and pooled collateral provisions under the Public Funds Deposit Security Act

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**Roll Call Vote - Final Committee Action:**

Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Oral Testimony:**

**Proponents:**

Senator Matt Williams  
Bob Hallstrom

**Representing:**

Introducer  
Nebraska Bankers Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

This bill would make various clean-up and clarifying changes throughout the Public Funds Deposit Security Act, sections 77-2386 to 77-23,108. That act provides that any bank, capital stock financial institution, or qualifying mutual financial institution subject to a requirement by law to secure the deposit of public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation may give security by furnishing securities or providing a deposit guaranty bond, or any combination thereof, pursuant to the act in satisfaction of the requirement. The bill would provide, section by section, as follows:

Section 1 would amend section 77-2391 to provide that securities pledged or securities in which a security interest has been granted may be held by "a bank, capital stock financial institution, or qualifying mutual financial institution chartered by a foreign state agency" as well as by a federal reserve bank or by a branch of a federal reserve bank, a federal home loan bank, or another responsible bank, capital stock financial institution, or qualifying mutual financial institution, or trust company.

Section 2 would amend section 77-2393 to provide that a bank, capital stock financial institution, or qualifying mutual financial institution which has furnished securities may withdraw all or any part of such securities upon repayment to the

"director" or "administrator" as well as the custodial official of the amount of securities withdrawn.

Note: Under the act, the director designates an "administrator" over the single bank pooled method; "custodial official" is defined as an officer or an employee of the State of Nebraska or any political subdivision who, by law, is made custodian of or has control over public money or public funds subject to the act or the security for the deposit of any public money or public funds subject to the act; and "director" is defined as the Director of Banking and Finance.

Section 3 would amend section 77-2394 to provide that a bank, capital stock financial institution, or qualifying mutual financial institution that provides a deposit guaranty bond shall, "upon written request by the director or custodial official, as applicable," each month, render a statement showing the daily balances and the amounts of public money or public funds of the governing authority held by it.

Section 4 would amend section 77-2395 to clarify provisions and change "custodial official" to "governmental unit" where applicable.

Section 5 would amend section 77-2397 to provide that "the director, administrator, or custodial official, as applicable," as well as the State of Nebraska and any political subdivision, has the right and authority to accept the deposit, pledge, or grant of a security interest in assets of the depository or the provision of a deposit guaranty bond, or any combination thereof.

Section 6 would amend section 77-2399 to establish requirements for what constitutes a valid and perfected security interest in favor of the director or administrator in and to identified securities of the designated depository.

Section 7 would amend section 77-23,100 to clarify provisions and change "custodial official" to "governmental unit" and to "director or administrator" where applicable.

Section 8 would amend section 77-23,101 to provide that "a bank which is authorized to exercise trust powers, capital stock financial institution which is authorized to exercise trust powers, qualifying mutual financial institution which is authorized to exercise trust powers chartered by a foreign state agency" as well as a Federal Reserve Bank, branch of a Federal Reserve Bank, a federal home loan bank, or another responsible bank which is authorized to exercise trust powers, capital stock financial institution which is authorized to exercise trust powers, qualifying mutual financial institution which is authorized to exercise trust powers, or trust company is qualified to act as a qualified trustee for the receipt of a deposit guaranty bond or the holding of securities.

Section 9 would amend section 77-23,102 to clarify provisions and change "custodial official" to "governmental unit" where applicable.

Section 10 would amend section 77-23,105 to change "custodial official" to "governmental unit" where applicable.

Section 11 would amend section 77-23,106 to provide that the public money or public funds in a bank, capital stock financial institution, or qualifying mutual financial institution shall be paid promptly on the order of the "governmental unit" as well as the custodial official depositing the public money or public funds in such bank, capital stock financial institution, or qualifying mutual financial institution.

Section 12 would provide for the repealers.

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