

ONE HUNDRED SEVENTH LEGISLATURE - SECOND SESSION - 2022
COMMITTEE STATEMENT
LB707

Hearing Date: Tuesday January 18, 2022
Committee On: Banking, Commerce and Insurance
Introducer: Williams
One Liner: Change provisions relating to banks, financial institutions, bank subsidiaries, and residential mortgage loans and adopt certain updates to federal law

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

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

Oral Testimony:

Proponents: Senator Matt Williams Kelly Lammers Robert Hallstrom	Representing: Introducer Nebraska Department of Banking Nebraska Bankers Association
Opponents:	Representing:
Neutral:	Representing:

Summary of purpose and/or changes:

LB 707 (2022), introduced at the request of the Nebraska Department of Banking and Finance ("Department"), amends a number of statutes under the jurisdiction of the Department. The bill provides, section by section, as follows:

Section 1 amends Section 8-101.03 (6) of the Nebraska Banking Act, which is the definitional section of the Act, to change the defined term, "bank subsidiary corporation," to a definition of "bank subsidiary." The term "bank subsidiary" will include entities formed as limited liability companies in which a bank is a member or investor in addition to the existing language permitting banks to be shareholders or investors in subsidiary corporations.

Section 2 amends Section 8-108 of the Nebraska Banking Act to provide the Department the authority to examine bank subsidiaries, whether formed as corporations or limited liability companies.

Section 3 amends Section 8-135 of the Nebraska Banking Act, which authorizes minors to establish deposit accounts, to update a reference within Subsection (3) to the federal Electronic Fund Transfer Act as the Act existed on January 1, 2022 (currently January 1, 2021).

Section 4 amends Section 8-141 of the Nebraska Banking Act, which sets the lending limits for state-chartered banks, to update references within subsection (6) to 12 U.S.C. 1817(a)(3), the federal regulation relating to filing Reports of Condition, as the regulation existed on January 1, 2022 (currently January 1, 2021).

Section 5 amends Section 8-143.01 of the Nebraska Banking Act, which governs loans to bank insiders, to update a reference within subsection (7) to 12 CFR 215.4(a)(2), relating to extensions of credit to benefit and compensation programs, as the regulation existed on January 1, 2022 (currently January 1, 2021), and to similarly update references within Subsection (10) to 12 USC 84 and its implementing federal Regulation O, as such law and regulation existed on January 1, 2022 (currently January 1, 2021).

Section 6 amends Section 8-148.06 of the Nebraska Banking Act, which authorizes banks to subscribe, invest, buy, own, and sell stock of one or more bank subsidiary corporations and sets limits on such investments, to have the same authority with respect to bank subsidiary limited liability companies, subject to the same limitations.

Section 7 amends Section 8-148.07 of the Nebraska Banking Act, which specifies the authorized activities of bank subsidiary corporations, to provide that bank subsidiary limited liability companies are subject to the same prescribed activities.

Section 8 amends Section 8-148.08 of the Nebraska Banking Act, which provides that bank subsidiary corporations are subject to examination by the Department to the same extent as their bank shareholders/investors, to authorize the Department to examine bank subsidiaries formed as limited liability companies to the same extent as their bank members/investors.

Section 9 amends Section 8-157.01 of the Nebraska Banking Act, which governs automated teller machines (ATMs) and electronic switches, to update a reference within Subsection (4) to the federal Electronic Fund Transfer Act as the Act existed on January 1, 2022 (currently January 1, 2021).

Section 10 amends Section 8-183.04 of the Nebraska Banking Act, which authorizes the conversion of certain mutual savings associations to state-chartered banks, to update a reference to 12 CFR 5.21, the federal regulation governing capital requirements for these associations, as such regulation existed on January 1, 2022 (currently January 1, 2021).

Section 11 amends Section 8-1,140 of the Nebraska Banking Act, which is the "wild-card" statute for state-chartered banks. This section is being amended to provide that state-chartered banks have the same rights, powers, privileges, and immunities as federally chartered banks doing business in Nebraska as of January 1, 2022 (currently January 1, 2021). Due to state constitutional restrictions on delegation of legislative authority, this statute is amended annually.

Section 12 amends Section 8-318, relating to customer accounts in building and loan associations, to update a reference within Subsection (1)(c) to the federal Electronic Fund Transfer Act as of January 1, 2022 (currently January 1, 2021).

Section 13 amends Section 8-355, which is the "wild-card" statute for state-chartered savings associations. This section is being amended to provide that state-chartered savings associations have the same rights, powers, privileges, and immunities as federally chartered savings associations doing business in Nebraska as of January 1, 2021 (currently January 1, 2021). Due to state constitutional restrictions on delegation of legislative authority, this statute is amended annually.

Section 14 amends Section 8-1101, which is the definitional section of the Securities Act of Nebraska. The amendment would update Subsection (14) to provide that references to the federal Securities Act of 1933, Securities Exchange Act of 1934, Investment Advisers Act of 1940, Commodity Exchange Act, and the Interstate Land Sales Full Disclosure Act will be as the Acts existed on January 1, 2022 (currently January 1, 2021).

Section 15 amends Section 8-1101.01 of the Securities Act of Nebraska to:

Provide, within Subsection (1), that references to federal rules and regulations adopted under the federal Investment Advisors Act of 1940 and the Securities Act of 1933 will be as those rules and regulations existed on January 1, 2022 (currently January 1, 2021), and

Provide, within Subsection (2), that references to the fair practice and ethical standards adopted by the Securities and Exchange Commission or the Financial Industry Regulatory Authority will be as those standards existed on January 1, 2022 (currently January 1, 2021).

Section 16 amends Section 8-1502, which sets the requirements for changes in control of state-chartered banks and trust companies. Subsection 2 provides a ten-day prior notice requirement for shares acquired through securing or collecting a debt, inheritance, or bona-fide gift. The amendment would change the notice requirement to thirty days.

Section 17 amends Section 8-1704 of the Commodity Code, which defines the term "CFTC rule," to update a reference to rules, regulations, or orders of the Commodity Futures Trading Commission in effect on January 1, 2022 (currently January 1, 2021).

Section 18 amends Section 8-1707 of the Commodity Code, which defines the term "Commodity Exchange Act," to update a reference to the federal Commodity Exchange Act in effect on January 1, 2022 (currently January 1, 2021).

Section 19 amends Section 8-2724 of the Nebraska Money Transmitters Act, which provides exemptions from the licensing requirements of the Act, to update a reference to Consumer Financial Protection Bureau Regulation E, 12 C.F.R. part 1005, in effect on January 1, 2022 (currently January 1, 2013).

Section 20 amends Section 8-2903, relating to financial exploitation of a vulnerable adult or senior adult in the financial institutions sector, to update references within Subsection (7) to federal check clearing and collectability laws [12 U.S.C. 5001, 12 U.S.C. 4001, and 12 C.F.R. 31 part 229, as such laws and regulation existed on January 1, 2022 (currently, January 1, 2021).

Section 21 amends Section 8-3005 of the Nebraska Financial Innovation Act to update references within Subsection (5) to the federal Bank Secrecy Act, 12 C.F.R. 208.63, in effect on January 1, 2022 (currently January 1, 2021).

Section 22 amends Section 8-3007 of the Nebraska Financial Innovation Act to update references within Subsection (3) to the federal Bank Secrecy Act, in effect on January 1, 2022 (currently January 1, 2021).

Section 23 amends Section 21-17,115 of the Nebraska Credit Union Act, which is the "wild-card" statute for state-chartered credit unions. This section is being amended to provide that state-chartered credit unions have the same rights, powers, privileges, and immunities as federally chartered credit unions doing business in Nebraska as of January 1, 2021 (currently January 1, 2021). Due to state constitutional restrictions on delegation of legislative authority, this statute is amended annually.

Section 24 amends Section 45-736 of the Residential Mortgage Licensing Act to provide that the current requirement that a licensee making loans under the Act show its unique Nationwide Mortgage Licensing System identifier on application forms and all forms of advertising be applicable to all licensees under the Act.

Section 25 amends Section 59-1722 of the Seller-Assisted Marketing Plan Act, which provides limited exemptions to the Act for certain franchises, to update references to Federal Trade Commission disclosure rules for franchise offerings as such rules existed on January 1, 2022 (currently January 1, 2021).

Section 26 amends Section 69-2103(4) of the Consumer Rental Purchase Agreement Act, which defines the term "consumer rental purchase agreement," to update references to federal definitions contained in 12 CFR 1026.2(a)(16), 15 USC 1602(h), and 12 CFR 1013.2, relating to consumer leases and credit sales, as such regulations and law existed on January 1, 2022 (currently January 1, 2021).

Section 27 amends Section 69-2104 of the Consumer Rental Purchase Agreement Act, which requires disclosures to consumers, to update references within Subsection (2) to the federal Consumer Credit Protection Act, 15 U.S.C. 1601 et seq., as such Act existed on January 1, 2022 (currently January 1, 2021), and within Subsection (3) to the disclosure requirements of the federal Consumer Credit Protection Act, 15 U.S.C. 1667a, as such regulation existed on January 1, 2022 (currently January 1, 2021).

Section 28 amends Section 69-2112 of the Consumer Rental Purchase Agreement Act, which relates to advertisements for consumer rental purchase agreements, to update references within Subsection (4) to the federal Consumer Credit Protection Act, 15 U.S.C. 1601 et seq., as such Act existed on January 1, 2022 (currently January 1, 2021).

Section 29 amends Section 4A-108 of the Uniform Commercial Code to update references within Subsections (a) and (b) to the federal Electronic Fund Transfer Act as it existed on January 1, 2022 (currently January 1, 2021).

Section 30 repeals the statutes amended.

Explanation of amendments:

The committee amendments (AM1859) contain the provisions of LB707 (sections 6, 7, 9, to 28, 30, 33, 41, to 45, and 59 of AM1859) and also the provisions of eight other bills that were heard by the Banking, Commerce and Insurance Committee and each made a part of the committee amendments on an 8-0 vote. Those bills are as follows:

1. LB706 (Williams) Change provisions of the Real Property Appraiser Act (Sections 46 to 57 of AM1859)

This bill was introduced at the request of the Real Property Appraiser Board. Its purpose is to update the Nebraska Real Property Appraiser Act ("Act") to implement the Real Property Appraiser Qualifications Criteria ("2021 Criteria") adopted by The Appraisal Foundation's Appraiser Qualifications Board, effective on January 1, 2021; and to maintain compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"). Title XI requires each state to prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions. In addition, real estate appraisals are to be performed in accordance with generally accepted uniform appraisal standards and are to be performed by an individual whose competency has been demonstrated, and whose professional conduct is subject to effective state supervision. If the State of Nebraska is found not to be in compliance with Title XI by the Appraisal Subcommittee, the Appraisal Subcommittee may remove all Nebraska credentialed appraisers from the Federal Registry, resulting in no appraisers qualified to appraise real property in connection with federally related transactions. Such action would have a substantial negative impact on the mortgage loan activity in Nebraska. Along with the 2021 Criteria changes, this bill also includes minor changes to address administration of the Act and reduce unnecessary barriers for real property appraisers and applicants for credentialing.

The following language changes are included in this bill:

"2021" is updated to "2022" in the definition of "Financial Institutions Reform, Recovery, and Enforcement Act of 1989" in Neb. Rev. Stat. Â§ 76-2207.30.

The word "awarded" is replaced with "issued" in the definition of "Completed application" found in Neb. Rev. Stat. Â§76-2207.23 for consistency throughout the Act.

A new definition "PAREA program" is added for Practical Applications of Real Estate Appraisal programs approved by

The Appraiser Qualifications Board of The Appraisal Foundation.

Neb. Rev. Stat. Sec. 76-2218 is modified to expand the definition of "two-year education period" to allow those who obtain their Nebraska real property appraiser credential through reciprocity to utilize continuing education credits earned as a credentialed appraiser of the same class in another jurisdiction prior to being issued a credential in Nebraska.

The phrase "except that a real property appraiser or a person licensed under the Nebraska Real Estate License Act is not exempt under this subdivision" is stricken from Neb. Rev. Stat. Sec. 76-2221(4) and (5). It is the Real Property Appraiser Board's position that a real property appraiser or a person licensed under the Nebraska Real Estate License Act who is also an owner of real estate, employee of the owner, or attorney licensed to practice law in this state representing the owner, shall be allowed to render an opinion of value of the real estate or any interest in the real estate when such estimate or opinion is for the purpose of real estate taxation or offered as testimony in any condemnation proceeding.

The language "Successfully completes a PAREA program. If the PAREA program does not satisfy all required experience for credentialing, the remaining experience hours shall be completed pursuant to subdivision..." is added in Neb. Rev. Stat. Sec. 76-2230, 76-2231.01, and 76-2232 to allow the successful completion of a PAREA program to be accepted in place of traditional real property appraisal practice experience hours.

"From an accredited degree-awarding community college, college, or university" is stricken from Neb. Rev. Stat. Sec. 76-2231.01(1) (b) (IV). College-Level Examination Programs are offered by education providers other than accredited degree-awarding community colleges, colleges, or universities; the Real Property Appraiser Qualifications Criteria does not require that a College-Level Examination Program be administered by an accredited degree-awarding community college, college, or university.

"College composition" and "college mathematics" is stricken from Neb. Rev. Stat. Sec. 76-2231.01(1)(b)(iv)(A), and new subdivision (B), which adds the language "Six semester hours in each of the following subject matter areas: College composition; and college mathematics," is added. This change corrects incorrect language found in the Act as the Real Property Appraiser Qualifications Criteria requires that the College-Level Examination Program examinations include six semester hours for college composition and six semester hours for college mathematics.

The phrase "and completion date" is stricken from Neb. Rev. Stat. Sec. 76-2223.01(2) (b). Each temporary credential shall expire upon the completion of the assignment or upon the expiration of a period of six months from the date of issuance, whichever occurs first. The temporary credential is issued for a period of six months. There is no need for an applicant to provide the anticipated completion date in advance as this is often unknown and the temporary credential expires at the completion of the specific assignment for which it was issued, or after six months from the date of issuance, whichever occurs first.

The phrase "The continuing education period begins on January 1 of the next year for any credential holder who first obtained his or her credential at the current level on or after July 1" is stricken from Neb. Rev. Stat. Sec. 76-2236 as the two-year continuing education period for each credential holder is defined in Neb. Rev. Stat. Sec. 76-2218.

The provisions of this bill are subject to the emergency clause.

Oral Testimony:

Proponents:

Senator Matt Williams, Introducer

Tyler Kohtz, Nebraska Real Property Appraiser Board

Bob Hallstrom, Nebraska Bankers Association

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

2. LB738 (Bostar) Adopt the LIBOR Transition Act for contracts, securities and instruments (sections 1 to 4 of AM1859)

This bill would address the legal effects of the discontinuance of London Interbank Offered Rate (LIBOR) on contracts, securities, or instruments and provides for the replacement, by operation of law, of the United States Dollar Libor as the benchmark index for any contract, security, or instrument, with a recommended benchmark replacement that is based off the Secured Overnight Financing Rate (SOFR).

The bill would specify that the benchmark replacement applies with respect to a contract, security, or instrument that either: (1) contains no fallback provisions setting forth a methodology or procedure for determining a benchmark replacement; or (2) contains fallback provisions that result in a benchmark replacement that (a) is not a recommended benchmark replacement and (b) is based in any way on any LIBOR value.

The bill would also provide that the selection or use of a recommended benchmark replacement as a benchmark replacement for a contract, security, or instrument: (1) constitutes a reasonable replacement for and a commercially substantial equivalent to LIBOR and (2) does not: impair or affect certain rights and performance obligations (a) under or (b) constitute a breach of or void or nullify the contract, security or instrument.

Finally, the bill would provide that a person is not liable for damages and is not subject to any claim for equitable relief, in connection with: (1) the selection or use of a recommended benchmark replacement; or (2) the determination, implementation, or performance of benchmark replacement performing changes, with respect to any contract, security, or instrument.

The provisions of this bill are subject to the emergency clause.

Oral Testimony:

Proponents:

Senator Eliot Bostar, Introducer

Bob Hallstrom, Nebraska Bankers Association

Brandon Luetkenhaus, Nebraska Credit Union League

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

3. LB826 (Lindstrom) Redefine a term under the Public Funds Deposit Security Act (section 58 of AM1859)

This bill would amend section 77-2387 of the Public Funds Deposit Security Act to amend the definition of "securities."

The Public Funds Deposit Security 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 funds of a governmental unit (the state or a political subdivision) in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation may give security by (1) furnishing securities or (2) providing a deposit guaranty bond, or any combination thereof, pursuant to the act in satisfaction of the requirement.

Section 77-2387 defines "securities" to include, among other things, bonds or obligations of another state, or political subdivision of another state, which are rated within the two highest classifications by at least one of the standard rating services. The bill would require such classifications to include the underlying credit rating or enhanced credit rating, whichever is higher, with respect to bonds and obligations of a political subdivision of another state.

The provisions of this bill are subject to the emergency clause.

Oral Testimony:

Proponents:

Senator Brett Lindstrom, Introducer

Bob Hallstrom, Nebraska Bankers Association

Kelly Lammers, Nebraska Department of Banking and Finance

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

4. LB846 (Slama) Change provisions relating to an annual audit under the Nebraska Banking Act (section 8 of AM1859)

This bill would amend section 8-124 of the Nebraska Banking Act to provide that an annual audit by an accounting firm of a state-chartered bank in satisfaction of the requirements of this section shall be submitted to the Department of Banking and Finance within one hundred twenty days after the end of the calendar year.

The committee amendments would provide that such audit shall be submitted within one hundred twenty after "the completion of the audit or, for a periodic audit, within one hundred twenty days after" the end of the calendar year.

Oral Testimony:

Proponents:

Senator Julie Slama, Introducer

Bob Hallstrom, Nebraska Bankers Association

Kelly Lammers, Nebraska Department of Banking and Finance

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

5. LB894 (Stinner) Change provisions relating to accounting firm ownership (section 5 of AM1859)

This bill would amend section 1-162.01 of the Public Accountancy Act to amend, clarify, and streamline provisions regarding non-CPA owners of public accountancy firms.

Most significantly, the bill would provide that non-CPA owners who are natural persons may, in the aggregate, comprise a majority of the total number of owners of a firm. The bill would reaffirm that non-CPA owners who are not natural persons shall not, in the aggregate, comprise a majority of the total number of owners of the firm.

The bill would reaffirm that non-CPA owners, whether natural persons or not natural persons, shall not hold, in the aggregate, more than forty-nine percent of the firm's equity capital or voting rights or receive, in the aggregate, more than forty-nine percent of the firm's profits or losses.

Section 1-162.01 provides that non-CPA owners of a firm shall be: (1) Natural persons; (2) An employee stock ownership plan (ESOP); (3) A partnership or limited liability company; or (4) A corporation.

The bill eliminates redundant provisions.

Oral Testimony:

Proponents:

Senator Matt Williams (on behalf of Senator John Stinner), Introducer
Ryan Burger, Nebraska Society of CPAs

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

6. LB973 (Hansen, M.) Redefine terms and change powers under the Nebraska Investment Finance Authority Act (sections 34 to 40 of AM1859)

This bill would amend sections 58-210.02, 58-219, 58-220, 58-221, 58-222, 58-239, and 58-251 of the Nebraska Investment Finance Authority Act to amend various provisions to change defined terms and expand powers of the Nebraska Investment Finance Authority (authority).

Section 1 would amend section 58-210.02 to expand the definition of "economic-impact project" to include any land, building, or other improvement; real or personal property; equipment; or undivided or other interest in such property which constitutes a qualified opportunity zone business located in certified qualified opportunity zones financial through investments acquired by qualified opportunity funds as authorized pursuant to the federal Tax Cuts and Jobs Act.

Section 2 would amend section 58-219 to expand the definition of "project" to include service enterprises in all areas of the state and service and business enterprises if such facilities are owned by a "public agency" as well as a nonprofit entity. This section would also expand the definition of "project" to include any land, building, or other improvement and all real or personal property suitable or used for in connection with, among other things, any nonprofit child care facility. Finally, this section would expand the definition of "project" to include any affordable housing infrastructure which includes, among things, "broadband".

Section 3 would amend section 58-220 to expand the definition of "rental housing" to provide rental dwelling for low-income or moderate-income persons to include among other things, "commercial facilities," so long as the cost of nonhousing facilities does not exceed twenty percent of the total cost of the rental housing.

Section 4 would amend section 58-221 to expand the definition of "residential energy conservation device" to include, among other things, any device to utilize "geothermal" power for any residential energy conservation purpose.

Section 5 would amend section 58-222 to expand the definition of "residential housing" to mean a specific work that includes, among other things, "residential energy conservation devices," and nonhousing facilities, including "commercial facilities," so long as the cost of nonhousing facilities does not exceed twenty percent of the total cost of the residential housing.

Section 6 would amend section 58-239, which enumerates powers granted to the authority. Thus section would repeal provisions which provide that the authority shall not operate any project that is a business or in any manner except as the lessor or seller of the project. This section would add provisions to provide that the authority may enter into financing agreements with private parties for the purpose of financing infrastructure in connection with the development of affordable housing.

Oral Testimony:

Proponents:

Senator Matt Hansen, Introducer

Shannon Harner, Nebraska Investment Finance Authority

Korby Gilbertson, Nebraska Realtors Association

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

7. LB993 (Bostar) Provide for a limitation on digital asset and cryptocurrency custody services (section 29 of AM1859)

This bill would amend section 8-3024 of the Nebraska Financial Innovation Act which currently provides that a digital asset depository is authorized, among other things, to provide digital asset and cryptocurrency custody services.

The bill would provide that such custody services shall not be provided for a digital asset or cryptocurrency unless the digital asset or cryptocurrency (1) was initially offered for public trade more than six months prior to the date of the custody services or (2) was created by a bank chartered in Nebraska or chartered by the United States.

The committee amendments would expand item (2) above to provide that custody services may be provided if the digital asset or cryptocurrency was created or issued by any bank, savings bank, savings and loan association, or building and loan association organized under the laws of this state or organized under the laws of the United States to do business in this state.

Oral Testimony:

Proponents:

Senator Eliot Bostar, Introducer

Bob Hallstrom, Nebraska Bankers Association

Joe Kohout, Exodus Movement Inc.

Opponents: None

Neutral:

Kelly Lammers, Nebraska Department of Banking

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

8. LB1017 (Slama) Change provisions relating to the Nebraska Uniform Trust Code (sections 31 to 32 of AM1859)

This bill would amend the Nebraska Uniform Trust Code with regard to a trustee's discretionary authority.

Section 1 would amend section 30-3850, regarding a creditor's claim against a trust settlor, to provide that, with respect to an irrevocable trust, a trustee's discretionary authority to pay directly to the taxing authorities or to reimburse the settlor for any tax on trust income or principal, that is payable by the settlor under the law imposing the tax, shall not be considered to be an amount that can be distributed to or for the settlor's benefit, and a creditor or assignee of the settlor shall not be entitled to reach any amount solely by reason of this discretionary authority. The settlor shall not be considered to be a beneficiary of an irrevocable trust solely by reason of the trustee's authority to pay directly to the taxing authorities or to reimburse the settlor for any tax on trust income or principal that is payable by the settlor under the law imposing the tax.

Section 2 would amend section 30-3881, regarding specific powers of a trustee, to provide that a trustee may pay directly to the taxing authorities or reimburse the settlor for any tax on trust income or principal that is payable by the settlor for the portion of the settlor's income tax liability attributable to the trust. A trustee shall not exercise this discretion in a manner that (1) would cause the inclusion of the trust assets in the settlor's gross taxable estate for federal estate tax purposes at the time of exercise or (2) is inconsistent with the qualification of all or any portion of the trust for the federal gift or estate tax marital deduction, to the extent the trust is intended to qualify for such deduction.

Oral Testimony:

Proponents:

Senator Julie Slama, Introducer

Craig Benson, Koley Jessen

Opponents: None

Neutral: None

Vote Results:

Aye: Senators Aguilar, Bostar, Flood, Lindstrom, McCollister, Pahls, Slama, Williams

Nay:

Absent:

Present Not Voting:

Additional committee amendments provisions:

1. The committee amendments would apply the emergency clause to the provisions of LB707.
2. The committee amendments would insert and amend the provisions of section 62-301 to provide that for purposes of the Uniform Commercial Code, Juneteenth National Independence Day, June 19, is a bank holiday. The committee amendments would apply the emergency clause to this section. (section 42 of AM1859)

The above two amendments were offered to the committee as amendments to LB707.

Matt Williams, Chairperson