

Legislature - First Session - 2019

Introducer's Statement of Intent

LB622

Chairperson: Senator Matt Williams

Committee: Banking, Commerce and Insurance

Date of Hearing: February 04, 2019

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 622 would authorize the use of a single-bank pooled collateral method for the protection of public funds in excess of the FDIC insured amounts. Under current law, banks holding public funds in excess of the amount insured by the FDIC are required to furnish collateral for each political subdivision and state agency placing deposits in the bank. Under LB 622, the bank would be allowed to furnish collateral based upon the aggregate amount of public deposits of all political subdivisions and state agencies with deposits in the bank.

Under the bill, the Director of the Department of Banking and Finance (Director) would be responsible for oversight of the single-bank collateral pools, including receiving reports from participating banks, remitting reports to custodial officials, adopting and promulgating rules and regulations, establishing policies and procedures, and prescribing forms as maybe necessary to accomplish the purposes of the Public Funds Deposit Security Act. The Director would be authorized, as he or she deems appropriate, to delegate ministerial duties relating to the administration of the single-bank pooled collateral method to a third party.

Banks indicate that they tend to “over-collateralize” public deposits under the current pledging system and being able to pledge to the aggregate amount of all public deposits should result in banks being more efficient in pledging for public funds, freeing up assets for more productive uses in their communities.

Principal Introducer: _____

Senator Matt Williams