

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 674

Introduced by Jacobson, 42.

Read first time January 18, 2023

Committee:

1 A BILL FOR AN ACT relating to banking and finance; to amend sections
2 8-101.03, 8-115, 8-602, 8-3002, 8-3003, 8-3004, 8-3005, 8-3007,
3 8-3008, 8-3011, 8-3012, 8-3013, 8-3014, 8-3015, 8-3016, 8-3017,
4 8-3018, 8-3019, 8-3020, 8-3021, 8-3022, 8-3023, 8-3025, 8-3026,
5 8-3028, and 8-3030, Reissue Revised Statutes of Nebraska; to
6 redefine terms; to change and eliminate provisions relating to
7 appeals, digital asset depositories, digital asset depository
8 accounts, charters, conditions to commence business, customers,
9 required reports, surety bonds, voluntary dissolution, financial
10 institutions, legislative findings and declarations, and powers and
11 duties of the Director of Banking and Finance; to adopt updates to
12 federal law relating to digital asset depositories and digital asset
13 depository customers; to harmonize provisions; to repeal the
14 original sections; and to declare an emergency.
15 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 8-101.03, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 8-101.03 For purposes of the Nebraska Banking Act, unless the
4 context otherwise requires:

5 (1) Access device means a code, a transaction card, or any other
6 means of access to a customer's account, or any combination thereof, that
7 may be used by a customer for the purpose of initiating an electronic
8 funds transfer at an automatic teller machine or a point-of-sale
9 terminal;

10 (2) Acquiring financial institution means any financial institution
11 establishing a point-of-sale terminal;

12 (3) Automatic teller machine means a machine established and located
13 in the State of Nebraska, whether attended or unattended, which utilizes
14 electronic, sound, or mechanical signals or impulses, or any combination
15 thereof, and from which electronic funds transfers may be initiated and
16 at which banking transactions as defined in section 8-157.01 may be
17 conducted. An unattended automatic teller machine shall not be deemed to
18 be a branch operated by a financial institution;

19 (4) Automatic teller machine surcharge means a fee that an operator
20 of an automatic teller machine imposes upon a consumer for an electronic
21 funds transfer, if such operator is not the financial institution that
22 holds an account of such consumer from which the electronic funds
23 transfer is to be made;

24 (5) Bank or banking corporation means any incorporated banking
25 institution which was incorporated under the laws of this state as they
26 existed prior to May 9, 1933, and any corporation duly organized under
27 the laws of this state for the purpose of conducting a bank within this
28 state under the act. Bank means any such banking institution which is, in
29 addition to the exercise of other powers, following the practice of
30 repaying deposits upon check, draft, or order and of making loans. Bank
31 or banking corporation includes a digital asset depository institution as

1 defined in section 8-3003. Notwithstanding the provisions of this
2 subdivision, a digital asset depository institution is subject to the
3 provisions of subdivision (2)(b) of section 8-3005;

4 (6)(a) Bank subsidiary means a corporation or limited liability
5 company that:

6 (i) Has a bank as a shareholder, member, or investor; and

7 (ii) Is organized for purposes of engaging in activities which are
8 part of the business of banking or incidental to such business except for
9 the receipt of deposits.

10 (b) A bank subsidiary may include a corporation organized under the
11 Nebraska Financial Innovation Act.

12 (c) A bank subsidiary is not to be considered a branch of its bank
13 shareholder;

14 (7) Capital or capital stock means capital stock;

15 (8) Data processing center means a facility, wherever located, at
16 which electronic impulses or other indicia of a transaction originating
17 at an automatic teller machine are received and either authorized or
18 routed to a switch or other data processing center in order to enable the
19 automatic teller machine to perform any function for which it is
20 designed;

21 (9) Department means the Department of Banking and Finance;

22 (10) Digital asset depository means a financial institution that
23 securely holds liquid assets when such assets are in the form of
24 controllable electronic records, either as a corporation organized,
25 chartered, and operated pursuant to the Nebraska Financial Innovation Act
26 as a digital asset depository institution, or a financial institution
27 operating a digital asset depository business as a digital asset
28 depository department under a charter granted ~~grant of authority~~ by the
29 director;

30 (11) Director means the Director of Banking and Finance;

31 (12) Financial institution means a bank, savings bank, building and

1 loan association, savings and loan association, or credit union, whether
2 chartered by the United States, the department, or a foreign state
3 agency; any other similar organization which is covered by federal
4 deposit insurance; a trust company; or a digital asset depository that is
5 not a digital asset depository institution;

6 (13) Financial institution employees includes parent holding company
7 and affiliate employees;

8 (14) Foreign state agency means any duly constituted regulatory or
9 supervisory agency which has authority over financial institutions and
10 which is created under the laws of any other state, any territory of the
11 United States, Puerto Rico, Guam, American Samoa, the Trust Territory of
12 the Pacific Islands, or the Virgin Islands or which is operating under
13 the code of law for the District of Columbia;

14 (15) Impulse means an electronic, sound, or mechanical impulse, or
15 any combination thereof;

16 (16) Insolvent means a condition in which (a) the actual cash market
17 value of the assets of a bank is insufficient to pay its liabilities to
18 its depositors, (b) a bank is unable to meet the demands of its creditors
19 in the usual and customary manner, (c) a bank, after demand in writing by
20 the director, fails to make good any deficiency in its reserves as
21 required by law, or (d) the stockholders of a bank, after written demand
22 by the director, fail to make good an impairment of its capital or
23 surplus;

24 (17) Making loans includes advances or credits that are initiated by
25 means of credit card or other transaction card. Transaction card and
26 other transactions, including transactions made pursuant to prior
27 agreements, may be brought about and transmitted by means of an
28 electronic impulse. Such loan transactions including transactions made
29 pursuant to prior agreements shall be subject to sections 8-815 to 8-829
30 and shall be deemed loans made at the place of business of the financial
31 institution;

1 (18) Order includes orders transmitted by electronic transmission;

2 (19) Point-of-sale terminal means an information processing terminal
3 which utilizes electronic, sound, or mechanical signals or impulses, or
4 any combination thereof, which are transmitted to a financial institution
5 or which are recorded for later transmission to effectuate electronic
6 funds transfer transactions for the purchase or payment of goods and
7 services and which are initiated by an access device. A point-of-sale
8 terminal is not a branch operated by a financial institution. Any
9 terminal owned or operated by a seller of goods and services shall be
10 connected directly or indirectly to an acquiring financial institution;
11 and

12 (20) Switch means any facility where electronic impulses or other
13 indicia of a transaction originating at an automatic teller machine are
14 received and are routed and transmitted to a financial institution or
15 data processing center, wherever located. A switch may also be a data
16 processing center.

17 Sec. 2. Section 8-115, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 8-115 No corporation shall conduct a bank or digital asset
20 depository in this state without having first obtained a charter ~~or under~~
21 ~~a grant of authority in the case of a digital asset depository~~ in the
22 manner provided in the Nebraska Banking Act or the Nebraska Financial
23 Innovation Act, respectively.

24 Sec. 3. Section 8-602, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 8-602 The Director of Banking and Finance shall charge and collect
27 fees for certain services rendered by the Department of Banking and
28 Finance according to the following schedule:

29 (1) For filing and examining articles of incorporation, articles of
30 association, and bylaws, except credit unions, one hundred dollars, and
31 for credit unions, fifty dollars;

1 (2) For filing and examining an amendment to articles of
2 incorporation, articles of association, and bylaws, except credit unions,
3 fifty dollars, and for credit unions, fifteen dollars;

4 (3) For issuing to banks, credit card banks, trust companies, and
5 building and loan associations a charter, authority, or license to do
6 business in this state, a sum which shall be determined on the basis of
7 one dollar and fifty cents for each one thousand dollars of authorized
8 capital, except that the minimum fee in each case shall be two hundred
9 twenty-five dollars;

10 (4) For issuing to digital asset depositories under the Nebraska
11 Financial Innovation Act a charter, ~~an authority, or a license~~ to do
12 business in this state, the sum of fifty thousand dollars;

13 (5) For issuing an executive officer's or loan officer's license,
14 fifty dollars at the time of the initial license, except credit unions
15 for which the fee shall be twenty-five dollars at the time of the initial
16 license;

17 (6) For affixing certificate and seal, five dollars;

18 (7) For making substitution of securities held by it and issuing a
19 receipt, fifteen dollars;

20 (8) For issuing a certificate of approval to a credit union, ten
21 dollars;

22 (9) For investigating the applications required by sections 8-117,
23 8-120, 8-331, and 8-2402 and the documents required by section 8-201, the
24 cost of such examination, investigation, and inspection, including all
25 legal expenses and the cost of any hearing transcript, with a minimum fee
26 under (a) sections 8-117, 8-120, and 8-2402 of two thousand five hundred
27 dollars, (b) section 8-331 of two thousand dollars, and (c) section 8-201
28 of one thousand dollars. The department may require the applicant to
29 procure and give a surety bond in such principal amount as the department
30 may determine and conditioned for the payment of the fees provided in
31 this subdivision;

1 (10) For the handling of pledged securities as provided in sections
2 8-210, ~~and 8-2727,~~ and 8-3022 at the time of the initial deposit of such
3 securities, one dollar and fifty cents for each thousand dollars of
4 securities deposited and a like amount on or before January 15 each year
5 thereafter. The fees shall be paid by the entity pledging the securities;

6 (11) For investigating an application to move its location within
7 the city or village limits of its original license or charter for banks,
8 trust companies, and building and loan associations, two hundred fifty
9 dollars;

10 (12) For investigating an application under subdivision (6) of
11 section 8-115.01, five hundred dollars;

12 (13) For investigating an application for approval to establish or
13 acquire a branch pursuant to section 8-157 or 8-2103 or to establish a
14 mobile branch pursuant to section 8-157, two hundred fifty dollars;

15 (14) For investigating a notice of acquisition of control under
16 subsection (1) of section 8-1502, five hundred dollars;

17 (15) For investigating an application for a cross-industry merger
18 under section 8-1510, five hundred dollars;

19 (16) For investigating an application for a merger of two state
20 banks, a merger of a state bank and a national bank in which the state
21 bank is the surviving entity, or an interstate merger application in
22 which the Nebraska state chartered bank is the resulting bank, five
23 hundred dollars;

24 (17) For investigating an application or a notice to establish a
25 branch trust office, five hundred dollars;

26 (18) For investigating an application or a notice to establish a
27 representative trust office, five hundred dollars;

28 (19) For investigating an application to establish a credit union
29 branch under section 21-1725.01, two hundred fifty dollars;

30 (20) For investigating an applicant under section 8-1513, five
31 thousand dollars;

1 (21) For investigating a request to extend a conditional bank
2 charter under section 8-117, one thousand dollars; and

3 (22) For investigating an application to establish a branch office,
4 for a merger or an acquisition of control, or for a request to extend a
5 conditional charter for a digital asset depository, five hundred dollars.

6 Sec. 4. Section 8-3002, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 8-3002 The Legislature finds and declares that:

9 (1) Economic development initiatives demand buy-in and input from
10 community stakeholders across multiple industries. The Legislature should
11 send a strong message that Nebraska wants to bring high-tech jobs and
12 digital asset operations to our state. Nebraska has an incredible
13 opportunity to be a leader in this emerging technology;

14 (2) Nebraska desires to create an entrepreneurial ecosystem where
15 young talent can be paired with private investors in order to create
16 jobs, enhance our quality of life, and prevent the brain drain that is
17 particularly acute in rural Nebraska. If Nebraska does not make
18 intentional and meaningful changes to how it recruits and retains young
19 people, Nebraska will be left behind;

20 (3) The rapid innovation of blockchain and digital ledger
21 technology, including the growing use of virtual currency, digital
22 assets, and other controllable electronic records has complicated the
23 development of blockchain services and products in the marketplace;

24 (4) Blockchain innovators are able and willing to address banking
25 compliance challenges such as federal customer identification, anti-money
26 laundering, and beneficial ownership requirements to comply with
27 regulators' concerns;

28 (5) Compliance with federal and state laws, including, but not
29 limited to, know-your-customer and anti-money-laundering rules and the
30 federal Bank Secrecy Act, is critical to ensuring the future growth and
31 reputation of the blockchain and technology industries as a whole; and

1 (6) Authorizing digital asset depositories in Nebraska will provide
2 a necessary and valuable service to blockchain innovators and customers,
3 emphasize Nebraska's partnership with the technology and financial
4 industries industry, safely grow this state's ever-evolving financial
5 sector, and afford more opportunities for Nebraska residents.

6 Sec. 5. Section 8-3003, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 8-3003 For purposes of the Nebraska Financial Innovation Act:

9 (1) Blockchain means a distributed digital record of controllable
10 electronic record transactions;

11 (2) Centralized finance means centralized digital asset exchanges,
12 businesses, or organizations with a valid physical address;

13 (3) Control has the following meaning:

14 (a) A person has control of a controllable electronic record if:

15 (i) The following conditions are met:

16 (A) The controllable electronic record or the system in which it is
17 recorded, if any, gives the person:

18 (I) The power to derive substantially all the benefit from the
19 controllable electronic record;

20 (II) Subject to subdivision (b) of this subdivision, the exclusive
21 power to prevent others from deriving substantially all the benefit from
22 the controllable electronic record; and

23 (III) Subject to subdivision (b) of this subdivision, the exclusive
24 power to transfer control of the controllable electronic record to
25 another person or cause another person to obtain control of a
26 controllable electronic record that derives from the controllable
27 electronic record; and

28 (B) The controllable electronic record, a record attached to or
29 logically associated with the controllable electronic record, or the
30 system in which the controllable electronic record is recorded, if any,
31 enables the person to readily identify itself as having the powers

1 specified in subdivision (a)(i) of this subdivision; or

2 (ii) Another person obtains control of the controllable electronic
3 record on behalf of the person, or having previously obtained control of
4 the controllable electronic record, acknowledges that it has control on
5 behalf of the person.

6 (b) A power specified in subdivisions (3)(a)(i)(A)(II) or (III) of
7 this section can be exclusive, even if:

8 (i) The controllable electronic record or the system in which it is
9 recorded, if any, limits the use to which the controllable electronic
10 record may be put or has protocols that are programmed to result in a
11 transfer of control; and

12 (ii) The person has agreed to share the power with another person.

13 (c) For the purposes of subdivision (3)(a)(i)(B) of this section, a
14 person may be identified in any way, including by name, identifying
15 number, cryptographic key, office, or account number;

16 (4) Controllable electronic borrowing means the act of receiving
17 digital assets or the use of digital assets from a lender in exchange for
18 the payment to the lender of digital assets, interest, fees, or rewards;

19 (5) Controllable electronic record means an electronic record that
20 can be subjected to control. The term has the same meaning as digital
21 asset and does not include electronic chattel paper, electronic
22 documents, investment property, and transferable records under the
23 Uniform Electronic Transactions Act;

24 (6) Controllable electronic record exchange means a business that
25 allows customers to purchase, sell, convert, send, receive, or trade
26 digital assets for other digital assets;

27 (7) Controllable electronic record lending means the act of
28 providing digital assets to a borrower in exchange for digital assets,
29 interest, fees, or rewards;

30 (8) Controllable electronic records staking means the act of
31 pledging a digital asset or token with an expectation of gaining digital

1 assets, interest, fees, or other rewards on such act;

2 (9) Customer means a digital asset depositor or digital asset
3 account holder;

4 (10) Decentralized finance means digital asset exchanges,
5 businesses, or organizations operating independently on blockchains;

6 (11) Department means the Department of Banking and Finance;

7 (12) Digital asset depository means a financial institution that
8 securely holds liquid assets when such assets are in the form of
9 controllable electronic records, either as a corporation organized,
10 chartered, and operated pursuant to the Nebraska Financial Innovation Act
11 as a digital asset depository institution or a financial institution
12 operating a digital asset depository business as a digital asset
13 depository department under a charter granted ~~grant of authority~~ by the
14 director;

15 (13) Digital asset depository department means a financial
16 institution operating a digital asset depository business as a digital
17 asset depository department under a charter granted ~~grant of authority~~ by
18 the director;

19 (14) Digital asset depository institution means a corporation
20 operating a digital asset depository business organized and chartered
21 pursuant to the Nebraska Financial Innovation Act;

22 (15) Director means the Director of Banking and Finance;

23 (16) Financial institution means a bank, savings bank, building and
24 loan association, or savings and loan association, ~~whether~~ chartered by
25 the United States, the department, or a foreign state agency; or a trust
26 company;

27 (17) Fork means a change to the protocol of a blockchain network;

28 (18) Independent node verification network means a shared electronic
29 database where copies of the same information are stored on multiple
30 computers; and

31 (19) Stablecoin means a controllable electronic record

1 cryptocurrency designed to have a stable value that is backed by a
2 reserve asset.

3 Sec. 6. Section 8-3004, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 8-3004 The director shall have the power to issue to corporations
6 desiring to transact business as a digital asset depository institution
7 charters ~~of authority~~ to transact digital asset depository business as
8 defined in the Nebraska Financial Innovation Act. The director shall have
9 general supervision and control over such digital asset depositories.

10 Sec. 7. Section 8-3005, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 8-3005 (1)(a) A digital asset depository may:

13 (i) Make contracts as a corporation under Nebraska law;

14 (ii) Sue and be sued;

15 (iii) Receive notes as permitted by federal law;

16 (iv) Carry on a nonlending digital asset banking business for
17 customers, consistent with subdivision (2)(b) of this section;

18 (v) Provide payment services upon the request of a customer; and

19 (vi) Make an application to become a member bank of the federal
20 reserve system.

21 (b) A digital asset depository shall maintain its main office and
22 the primary office of its chief executive officer in Nebraska.

23 (c) As otherwise authorized by this section, a digital asset
24 depository may conduct business with customers outside this state.

25 (2)(a) A digital asset depository institution, consistent with the
26 Nebraska Financial Innovation Act, shall be organized as a corporation
27 under the Nebraska Model Business Corporation Act to exercise the powers
28 set forth in subsection (1) of this section.

29 (b) A digital asset depository institution shall not accept demand
30 deposits of United States currency or United States currency that may be
31 accessed or withdrawn by check or similar means for payment to third

1 parties and except as otherwise provided in this subsection, a digital
2 asset depository institution shall not make any consumer loans for
3 personal, property or household purposes, mortgage loans, or commercial
4 loans of any fiat currency including, but not limited to, United States
5 currency, including the provision of temporary credit relating to
6 overdrafts. Notwithstanding this prohibition against fiat currency
7 lending by a digital asset depository institution, a digital asset
8 depository institution may facilitate the provision of digital asset
9 business services resulting from the interaction of customers with
10 centralized finance or decentralized finance platforms including, but not
11 limited to, controllable electronic record exchange, staking,
12 controllable electronic record lending, and controllable electronic
13 record borrowing. A digital asset depository institution may purchase
14 debt obligations specified by subdivision (2)(c) of section 8-3009.

15 (c) ~~A Subject to the laws of the host state,~~ a digital asset
16 depository institution may open a branch in this state or in another
17 state in the manner set forth in section 8-157 or 8-2303. A branch in
18 another state is subject to the laws of the host state. A digital asset
19 depository institution, including any branch of the digital asset
20 depository institution, may only accept digital asset deposits or provide
21 other digital asset business services under the Nebraska Financial
22 Innovation Act to individual customers or a customer that is a legal
23 entity other than a natural person engaged in a bona fide business which
24 is lawful under the laws of Nebraska, the laws of the host state if the
25 entity is headquartered in another state, and federal law.

26 (3) The deposit limitations of subdivision (2)(a)(ii) of section
27 8-157 shall not apply to a digital asset depository.

28 (4) Any United States currency coming into an account established by
29 a customer of a digital asset depository institution shall be held in a
30 financial institution, the deposits of which are insured by the Federal
31 Deposit Insurance Corporation, which maintained a main-chartered office

1 in this state, any branch thereof in this state, or any branch of the
2 financial institution which maintained the main-chartered office in this
3 state prior to becoming a branch of such financial institution.

4 (5) A digital asset depository institution shall establish and
5 maintain programs for compliance with the federal Bank Secrecy Act, in
6 accordance with 12 C.F.R. 208.63, as the act and rule existed on January
7 1, 2023 ~~2022~~.

8 (6) A digital asset depository shall help meet the digital financial
9 needs of the communities in which it operates, consistent with safe and
10 sound operations, and shall maintain and update a public file available
11 to any person on request and on any Internet website or mobile
12 application it maintains containing specific information about its
13 efforts to meet community needs, including:

14 (a) The collection and reporting of data;

15 (b) Its policies and procedures for accepting and responding to
16 consumer complaints; and

17 (c) Its efforts to assist with financial literacy or personal
18 finance programs to increase knowledge and skills of Nebraska students in
19 areas such as digital assets, budgeting, credit, checking and savings
20 accounts, loans, stocks, and insurance.

21 Sec. 8. Section 8-3007, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 8-3007 (1) No customer shall open or maintain an account with a
24 digital asset depository or otherwise receive any services from the
25 digital asset depository unless the customer meets the criteria of this
26 subsection. A customer shall:

27 (a) Make sufficient evidence available to the digital asset
28 depository to enable compliance with anti-money laundering, customer
29 identification, and beneficial ownership requirements, as determined by
30 the federal Bank Secrecy Act guidance and the policies and practices of
31 the institution; and

1 (b) If the customer is a legal entity other than a natural person:

2 (i) Be in good standing with the jurisdiction in the United States
3 in which it is incorporated or organized; and

4 (ii) Be engaged in a business that is lawful and bona fide in
5 Nebraska, in the host state, if applicable, and under federal law
6 consistent with subsection (3) of this section.

7 (2) A customer which meets the criteria of subsection (1) of this
8 section may be issued a digital asset depository account and otherwise
9 receive services from the digital asset depository, contingent on the
10 digital asset depository maintaining availability of sufficient insurance
11 under subsection (5) of section 8-3023.

12 (3) Consistent with subdivisions (1)(a)(iv) and (v) of section
13 8-3005, and in addition to any requirements specified by federal law, a
14 digital asset depository shall require that any potential customer that
15 is a legal entity other than a natural person provide reasonable evidence
16 that the entity is engaged in a business that is lawful and bona fide in
17 Nebraska, in the host state, if applicable, and under federal law or is
18 likely to open a lawful, bona fide business within a federal Bank Secrecy
19 Act compliant timeframe, as the act existed on January 1, 2023 ~~2022~~. For
20 purposes of this subsection, reasonable evidence includes business entity
21 filings, articles of incorporation or organization, bylaws, operating
22 agreements, business plans, promotional materials, financing agreements,
23 or other evidence.

24 Sec. 9. Section 8-3008, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 8-3008 The terms and conditions of a customer's digital asset
27 depository account at a digital asset depository shall be disclosed at
28 the time the customer contracts for a digital asset business service.
29 Such disclosure shall be full and complete, contain no material
30 misrepresentations, be in readily understandable language, and shall
31 include, as appropriate and to the extent applicable:

1 (1) A schedule of fees and charges the digital asset depository may
2 assess, the manner by which fees and charges will be calculated if they
3 are not set in advance and disclosed, and the timing of the fees and
4 charges;

5 (2) A statement that the customer's digital asset depository account
6 is not protected by the Federal Deposit Insurance Corporation;

7 (3) A statement whether there is support for forked networks of each
8 digital asset;

9 (4) A statement that investment in digital assets is volatile and
10 subject to market loss;

11 (5) A statement that investment in digital assets may result in
12 total loss of value;

13 (6) A statement that legal, legislative, and regulatory changes may
14 ~~impact~~ ~~impair~~ the value of digital assets;

15 (7) A statement that customers should perform research before
16 investing in digital assets;

17 (8) A statement that transfers of digital assets are irrevocable, if
18 applicable;

19 (9) A statement as to how liability for an unauthorized, mistaken,
20 or accidental transfer shall be apportioned;

21 (10) A statement that digital assets are not legal tender in any
22 jurisdiction;

23 (11) A statement that digital assets may be subject to cyber theft
24 or theft and become unrecoverable;

25 (12) A statement about who maintains control, ownership, and access
26 to any private key related to a digital assets customer's digital asset
27 account; and

28 (13) A statement that losing private key information may result in
29 permanent total loss of access to digital assets.

30 Sec. 10. Section 8-3011, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 8-3011 (1) With respect to all digital asset business activities, a
2 digital asset depository shall display and include in all advertising, in
3 all marketing materials, on any Internet website or mobile application it
4 maintains, and at each window or place where it accepts digital asset
5 deposits, (a) a notice conspicuously stating that digital asset deposits
6 and digital asset accounts are not insured by the Federal Deposit
7 Insurance Corporation, if applicable, and (b) the following conspicuous
8 statement: Holdings of digital assets are speculative and involve a
9 substantial degree of risk, including the risk of complete loss. There is
10 no assurance that any digital asset will be viable, liquid, or solvent.
11 Nothing in this communication is intended to imply that any digital asset
12 held in custody by a digital asset depository is low-risk or risk-free.
13 Digital assets held in custody are not guaranteed by a digital asset
14 depository and are not ~~FDIC~~ insured by the Federal Deposit Insurance
15 Corporation.

16 (2) Upon opening a digital asset depository account, ~~and if~~
17 ~~applicable~~, a digital asset depository shall require each customer to
18 execute a statement acknowledging that all digital asset deposits at the
19 digital asset depository are not insured by the Federal Deposit Insurance
20 Corporation. The digital asset depository shall permanently retain this
21 acknowledgment, whether in electronic form or as a signature card.

22 Sec. 11. Section 8-3012, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 8-3012 (1) Except as otherwise provided by subsection (5) of this
25 section, five or more adult persons, including at least one Nebraska
26 resident, may form a digital asset depository institution. The
27 incorporators shall subscribe the articles of incorporation and transmit
28 them and the bylaws of the digital asset depository to the director as
29 part of an application for a charter under section 8-3015.

30 (2) The articles of incorporation shall include the following
31 information:

- 1 (a) The corporate name;
- 2 (b) The object for which the corporation is organized;
- 3 (c) The term of its existence, which may be perpetual;
- 4 (d) The place in Nebraska where its main office shall be physically
5 located and its operations conducted;
- 6 (e) The amount of capital stock and the number of shares;
- 7 (f) The name and residence of each shareholder subscribing to more
8 than ten percent of the stock and the number of shares owned by that
9 shareholder;
- 10 (g) The number of directors and the names of those who shall manage
11 the affairs of the corporation for the first year; and
- 12 (h) A statement that the articles of incorporation are made to
13 enable the incorporators to avail themselves of the advantages of the
14 laws of the state.

15 (3) Copies of all amended articles of incorporation and bylaws shall
16 be filed in the same manner as the original articles of incorporation and
17 bylaws.

18 (4) The incorporators shall solicit capital prior to filing an
19 application for a charter with the director, consistent with section
20 8-3013. In the event an application for a charter is not filed or is
21 denied by the director, all capital shall be promptly returned without
22 loss.

23 (5) Subject to federal and state law, a bank holding company may
24 apply to hold a digital asset depository institution.

25 Sec. 12. Section 8-3013, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 8-3013 (1) The capital stock of each digital asset depository
28 institution chartered under the Nebraska Financial Innovation Act shall
29 be subscribed for as paid-up stock. No digital asset depository
30 institution shall be chartered with capital stock of less than ten
31 million dollars.

1 (2) No digital asset depository institution shall commence business
2 until the full amount of its authorized capital is subscribed and all
3 capital stock is fully paid in. No digital asset depository institution
4 may be chartered without a paid-up surplus fund of at least three years
5 of estimated operating expenses in the amount disclosed pursuant to
6 subsection (2) of section 8-3015 or in another amount required by the
7 director.

8 (3) A digital asset depository institution may acquire additional
9 capital prior to the granting of a charter and shall report this capital
10 as an amendment to ~~in~~ its charter application.

11 Sec. 13. Section 8-3014, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 8-3014 (1) Any financial institution, having adopted or amended its
14 articles of incorporation to authorize the conduct of a digital asset
15 depository business may be further chartered by the director to transact
16 a digital asset depository business in a digital asset depository
17 department in connection with such financial institution.

18 (2) The director has the authority to issue to financial
19 institutions amendments to their charters ~~of authority to transact a~~
20 digital asset depository business, ~~and~~ has general supervision and
21 control over such digital asset depository departments of financial
22 institutions, and may require the injection of additional capital.

23 (3) The director, before granting to any financial institution the
24 right to operate a digital asset depository department, shall require
25 such financial institution to make an application for amendment of its
26 charter, setting forth such information as the director may require.

27 (4) A digital asset depository department of a financial institution
28 when chartered under subsection (1) of this section shall be separate and
29 apart from every other department of the financial institution and shall
30 have all ~~of~~ the powers, duties, and obligations of a digital asset
31 depository institution as set forth in the Nebraska Financial Innovation

1 Act.

2 (5) Any financial institution authorized to transact a digital asset
3 depository business in a digital asset depository department pursuant to
4 subsection (1) of this section may conduct such digital asset depository
5 business at the office of any financial institution which is a subsidiary
6 of the same bank holding company as the authorized financial institution.

7 (6) A financial institution may deposit or have on deposit funds of
8 an account controlled by the financial institution's digital asset
9 depository department unless prohibited by applicable law.

10 Sec. 14. Section 8-3015, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 8-3015 (1) No corporation shall act as a digital asset depository
13 without first obtaining ~~authority~~ or a charter to operate from the
14 director under the Nebraska Financial Innovation Act.

15 (2) The incorporators under section 8-3012 shall apply to the
16 director for a charter. The application shall contain the digital asset
17 depository institution's articles of incorporation, bylaws, a detailed
18 business plan, a comprehensive estimate of operating expenses for the
19 first three years of operation, a complete proposal for compliance with
20 the provisions of the Nebraska Financial Innovation Act, evidence of the
21 capital and surplus required under section 8-3013, and any investors or
22 owners holding ten percent or more equity in the digital asset depository
23 institution. The director may prescribe the form of application.

24 (3) A financial institution may apply to the director for a charter
25 ~~authority~~ to operate a digital asset depository business as a department.
26 The application shall contain a detailed business plan, a comprehensive
27 estimate of operating expenses for the first three years of operation,
28 and a complete proposal for compliance with the provisions of the
29 Nebraska Financial Innovation Act. The director may prescribe the form of
30 application.

31 (4) Each application for a charter ~~or authority~~ shall be accompanied

1 by an application fee of fifty thousand dollars.

2 Sec. 15. Section 8-3016, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 8-3016 (1) After a substantially complete application for a digital
5 asset depository institution charter ~~authority~~ or a digital asset
6 depository department ~~institution~~ charter has been submitted, the
7 director shall notify the applicants in writing within thirty calendar
8 days of any deficiency in the required information or that the
9 application has been accepted for filing. When the director is satisfied
10 that all required information has been furnished, the director shall
11 establish a time and place for a public hearing which shall be conducted
12 not less than sixty days, nor more than one hundred twenty days, after
13 notice from the director to the applicants that the application is in
14 order.

15 (2) Within thirty days after receipt of notice of the time and place
16 of the public hearing, the department shall cause notice of filing of the
17 application and the hearing to be published at the applicant's
18 ~~applicants'~~ expense in a newspaper of general circulation within the
19 county where the proposed digital asset depository is to be located.
20 Publication shall be made at least once a week for three consecutive
21 weeks before the hearing, stating the proposed location of the digital
22 asset depository, the names of the applicants for a charter, the nature
23 of the activities to be conducted by the proposed digital asset
24 depository, and other information required by rule and regulation. The
25 director shall electronically send notice of the hearing to state and
26 national banks, federal savings and loan associations, state and federal
27 credit unions, and other financial institutions in the state, federal
28 agencies, and financial industry trade groups.

29 Sec. 16. Section 8-3017, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 8-3017 The hearing required by section 8-3016 ~~for a charter~~

1 ~~application or for authority to operate a digital asset depository~~ shall
2 be conducted under the Administrative Procedure Act and shall comply with
3 the requirements of the act.

4 Sec. 17. Section 8-3018, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 8-3018 Upon receiving an ~~the~~ application for a charter to become a
7 digital asset depository institution, ~~or for a charter authority to~~
8 operate a digital asset depository department, the applicable fee, and
9 other information required by the director, the director shall make a
10 careful investigation and examination of the following:

11 (1) The character, reputation, criminal record, financial standing,
12 and ability of the shareholders owning ten percent or more equity in the
13 applicant;

14 (2) The character, financial responsibility, criminal background,
15 banking or other financial experience, and business qualifications of
16 those proposed as officers and directors;

17 (3) Whether the applicant or any of its officers, directors, or
18 shareholders owning ten percent or more equity in the applicant have ever
19 been convicted of any (i) misdemeanor involving any aspect of a digital
20 asset depository business or any business of a similar nature or (ii)
21 felony;

22 (4) Whether the applicant or any of its officers, directors, or
23 shareholders owning ten percent or more equity in the applicant have ever
24 been permanently or temporarily enjoined by a court of competent
25 jurisdiction from engaging in or continuing any conduct or practice
26 involving any aspect of a digital asset depository business or any
27 business of a similar nature;

28 (5) A criminal history record information check of the applicant,
29 its officers, directors, and shareholders owning ten percent or more
30 equity in the applicant. The direct cost of the criminal history record
31 information check shall be paid by the applicant; and

1 (6) The application for a charter, ~~or for authority to operate a~~
2 ~~digital asset depository,~~ including the adequacy and plausibility of the
3 business plan of the digital asset depository, the benefits to the
4 customers, and whether the applicant has offered a complete proposal for
5 compliance with the Nebraska Financial Innovation Act.

6 Sec. 18. Section 8-3019, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 8-3019 (1) Within ninety days after receipt of the transcript of the
9 public hearing, the director shall render a decision on the application
10 based on the following criteria and requirements:

11 (a) Whether the character, reputation, criminal record, financial
12 standing, and ability of the shareholders owning ten percent or more
13 equity in the applicant are sufficient to afford reasonable promise of a
14 successful operation;

15 (b) That the digital asset depository will be operated by officers
16 of integrity and responsibility;

17 (c) Whether the character, financial responsibility, criminal
18 background, and banking or other financial experience and business
19 qualifications of those proposed as officers and directors are sufficient
20 to afford reasonable promise of a successful operation;

21 (d) The adequacy and plausibility of the business plan of the
22 digital asset depository ~~institution,~~ including the ongoing customer
23 expectations of the digital asset depository ~~institution~~ as determined by
24 the director;

25 (e) Compliance by the digital asset depository institution with the
26 capital and surplus requirements of section 8-3013;

27 (f) Whether the digital asset depository institution is being formed
28 for no other purpose than legitimate objectives authorized by law;

29 (g) That the name of the proposed digital asset depository
30 institution includes the words "digital asset bank" so that it does not
31 resemble the name of any other financial institution transacting business

1 in the state so as to cause confusion;

2 (h) That the digital asset depository will be operated in a safe and
3 sound manner ~~to benefit its customers;~~

4 (i) That the digital asset depository shall help meet the digital
5 financial needs of the communities in which it operates, consistent with
6 safe and sound operations, and shall maintain and update a public file
7 and on any Internet website or mobile application it maintains containing
8 specific information about its efforts to meet community needs,
9 including:

10 (i) The collection and reporting of data;

11 (ii) Its policies and procedures for accepting and responding to
12 consumer complaints; and

13 (iii) Its efforts to assist with financial literacy or personal
14 finance programs to increase knowledge and skills of Nebraska students in
15 areas such as digital assets, budgeting, credit, checking and savings
16 accounts, loans, stocks, and insurance;

17 (j) Whether the applicants have complied with all provisions of
18 state law and are eligible to apply for membership in the federal reserve
19 system; and

20 (k) Any other considerations in addition to statutory requirements
21 submitted by the applicant pursuant to operational order, rules and
22 regulations, or request of the department.

23 (2) The director shall approve an application upon making favorable
24 findings on the criteria set forth in subsection (1) of this section. The
25 ~~If necessary,~~ the director may either conditionally approve an
26 application by specifying conditions relating to the criteria or may deny
27 ~~disapprove~~ the application. The director shall state findings of fact and
28 conclusions of law as part of such decision and ~~.(3) If the director~~
29 ~~approves the application, the director shall issue an order~~ approving,
30 conditionally approving, or denying the application.

31 Sec. 19. Section 8-3020, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 8-3020 (1) If an application is approved, ~~and a charter shall not be~~
3 ~~issued and or authority is granted by the director under section 8-3019,~~
4 the digital asset depository shall not commence business before
5 satisfaction of all conditions precedent contained in the director's
6 order or conditional order.

7 (2) If an approved digital asset depository fails to commence
8 business in good faith within twelve months after the issuance of a
9 ~~charter or an order of authority to operate by the director,~~ the charter
10 ~~or authority~~ shall expire. The director, for good cause and upon an
11 application filed prior to the expiration of the ~~twelve-month~~ six-month
12 period, may extend the time within which the digital asset depository may
13 open for business.

14 Sec. 20. Section 8-3021, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 8-3021 Any decision of the department or director in approving,
17 conditionally approving, or ~~denying~~ disapproving a charter ~~or authority~~
18 for a digital asset depository is appealable in accordance with the
19 Administrative Procedure Act.

20 Sec. 21. Section 8-3022, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 8-3022 (1) Except as otherwise provided by subsection (2) of this
23 section, a digital asset depository shall, before transacting any
24 business, pledge or furnish a surety bond to the director to cover costs
25 likely to be incurred by the director in a liquidation or conservatorship
26 of the digital asset depository. The amount of the surety bond or pledge
27 of assets under subsection (2) of this section shall be determined by the
28 director in an amount sufficient to defray the costs of a liquidation or
29 conservatorship.

30 (2) In lieu of a bond, a digital asset depository may irrevocably
31 pledge specified assets equivalent to a bond under subsection (1) of this

1 section. Any assets pledged to the director under this subsection shall
2 be held in a state or nationally chartered bank, trust company, federal
3 reserve bank, or savings and loan association having a principal or
4 branch office in this state, excluding affiliated institutions. All costs
5 associated with pledging and holding such assets are the responsibility
6 of the digital asset depository.

7 (3) Assets pledged to the director shall not include money and shall
8 be of the same nature and quality as those required under section 8-210.

9 (4) The digital asset depository shall have the right, with the
10 approval of the director, to substitute other securities for those
11 deposited and shall be required to do so on written order of the director
12 made for good cause shown. The digital asset depository shall pay the
13 fees prescribed in section 8-602 for pledging and substitution of
14 securities. So long as the digital asset depository so depositing shall
15 continue to be solvent and is not in violation of the Nebraska Financial
16 Innovation Act, such digital asset depository shall be permitted to
17 receive the interest or dividends on such deposit.

18 (5) (4) Surety bonds shall run to the State of Nebraska, and shall
19 be approved under the terms and conditions required under section 8-110.

20 (6) (5) The director may by order or rules and regulations establish
21 additional investment guidelines or investment options for purposes of
22 the pledge or surety bond required by this section.

23 (7) (6) In the event of a liquidation or conservatorship of a
24 digital asset depository pursuant to section 8-3027, the director may,
25 without regard to priorities, preferences, or adverse claims, reduce the
26 surety bond or assets pledged under this section to cash as soon as
27 practicable and utilize the cash to defray the costs associated with the
28 liquidation or conservatorship.

29 (8) (7) Income from assets pledged under subsection (2) of this
30 section shall be paid to the digital asset depository no less than
31 annually, unless a liquidation or conservatorship takes place.

1 (9) ~~(8)~~ Upon evidence that the amount of the current surety bond ~~is~~
2 or pledged assets is ~~are~~ insufficient, the director may require a digital
3 asset depository to increase its surety bond or pledged assets by
4 providing not less than thirty days' written notice to the digital asset
5 depository.

6 Sec. 22. Section 8-3023, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 8-3023 (1) The director may call for reports verified under oath
9 from a digital asset depository at any time as necessary to inform the
10 director of the condition of the digital asset depository. Such reports
11 shall be available to the public.

12 (2) All reports required of a digital asset depository by the
13 director and all materials relating to examinations of a digital asset
14 depository shall be subject to the provisions of sections 8-103 and
15 8-108.

16 (3) Every digital asset depository is subject to examination by the
17 department to determine the condition and resources of a digital asset
18 depository, the mode of managing digital asset depository affairs and
19 conducting business, the actions of officers and directors in the
20 investment and disposition of funds, the safety and prudence of digital
21 asset depository management, compliance with the requirements of the
22 Nebraska Financial Innovation Act, and such other matters as the director
23 may require.

24 (4) A digital asset depository shall pay an assessment in a sum to
25 be determined by the director in accordance with section 8-601 and
26 approved by the Governor and the costs of any examination or
27 investigation as provided in sections 8-108 and 8-606.

28 (5) A digital asset depository shall maintain appropriate insurance
29 or a bond covering the operational risks of the digital asset depository,
30 which shall include coverage for directors' and officers' liability,
31 errors and omissions liability, ~~and~~ information technology infrastructure

1 and activities liability, and business operations, as determined by the
2 director.

3 Sec. 23. Section 8-3025, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 8-3025 The director may suspend or revoke the charter ~~or authority~~
6 of a digital asset depository if, after notice and opportunity for a
7 hearing, the director determines that:

8 (1) The digital asset depository has failed or refused to comply
9 with an order issued under section 8-1,136, 8-2504, or 8-2743;

10 (2) The application for a charter ~~or authority~~ contained a
11 materially false statement, misrepresentation, or omission; or

12 (3) An officer, a director, or an agent of the digital asset
13 depository, in connection with an application for a charter ~~or authority~~,
14 an examination, a report, or other document filed with the director,
15 knowingly made a materially false statement, misrepresentation, or
16 omission to the department, the director, or the duly authorized agent of
17 the department or director.

18 Sec. 24. Section 8-3026, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 8-3026 If the charter ~~or authority~~ of a digital asset depository is
21 surrendered, suspended, or revoked, the digital asset depository shall
22 continue to be subject to the provisions of the Nebraska Financial
23 Innovation Act during any liquidation or conservatorship.

24 Sec. 25. Section 8-3028, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 8-3028 (1) A digital asset depository institution may voluntarily
27 dissolve in accordance with this section. Voluntary dissolution shall be
28 accomplished by either liquidating the digital asset depository
29 institution or reorganizing the digital asset depository institution into
30 an appropriate business entity that does not engage in any activity
31 authorized only for a digital asset depository institution. Upon complete

1 liquidation or completion of the reorganization, the director shall
2 revoke the charter ~~or authority~~ of the digital asset depository
3 institution. Thereafter, the corporation or business entity shall not use
4 the words digital asset depository or digital asset bank in its business
5 name or in connection with its ongoing business.

6 (2) A digital asset depository institution may dissolve its charter
7 either by liquidation or reorganization. The board of directors shall
8 file an application for dissolution with the director, accompanied by a
9 filing fee established by an order or the rules and regulations of the
10 director. The application shall include a comprehensive plan for
11 dissolution setting forth the proposed disposition of all assets and
12 liabilities in reasonable detail to effect a liquidation or
13 reorganization, and any other plans required by the director. The plan of
14 dissolution shall provide for the discharge or assumption of all of the
15 known and unknown claims and liabilities of the digital asset depository
16 institution. Additionally, the application for dissolution shall include
17 other evidence, certifications, affidavits, documents, or information as
18 the director may require, including demonstration of how assets and
19 liabilities will be disposed, the timetable for effecting disposition of
20 the assets and liabilities, and a proposal of the digital asset
21 depository institution for addressing any claims that are asserted after
22 dissolution has been completed. The director shall examine the
23 application for compliance with this section, the business entity laws
24 applicable to the required type of dissolution, and applicable orders and
25 rules and regulations. The director may conduct a special examination of
26 the digital asset depository institution, consistent with subsection (3)
27 of section 8-3023, for purposes of evaluating the application.

28 (3) If the director finds that the application is incomplete, the
29 director shall return it for completion not later than sixty days after
30 it is filed. If the application is found to be complete by the director,
31 the director shall approve or deny ~~disapprove~~ the application not later

1 than thirty days after it is filed. If the director approves the
2 application, the digital asset depository institution may proceed with
3 the dissolution pursuant to the plan outlined in the application, subject
4 to any further conditions the director may prescribe. If the digital
5 asset depository institution subsequently determines that the plan of
6 dissolution needs to be amended to complete the dissolution, it shall
7 file an amended plan with the director and obtain approval to proceed
8 under the amended plan. If the director does not approve the application
9 or amended plan, the digital asset depository institution may appeal the
10 decision to the director pursuant to the Administrative Procedure Act.

11 (4) Upon completion of all actions required under the plan of
12 dissolution and satisfaction of all conditions prescribed by the
13 director, the digital asset depository institution shall submit a written
14 report of its actions to the director. The report shall contain a
15 certification made under oath that the report is true and correct.
16 Following receipt of the report, the director, no later than sixty days
17 after the filing of the report, shall examine the digital asset
18 depository institution to determine whether the director is satisfied
19 that all required actions have been taken in accordance with the plan of
20 dissolution and any conditions prescribed by the director. If all
21 requirements and conditions have been met, the director shall, within
22 thirty days of the examination, notify the digital asset depository
23 institution in writing that the dissolution has been completed and issue
24 an order of dissolution.

25 (5) Upon receiving an order of dissolution, the digital asset
26 depository institution shall surrender its charter to the director. The
27 digital asset depository institution shall then file articles of
28 dissolution and other documents required by sections 21-2,184 to 21-2,201
29 for a corporation with the Secretary of State. In the case of
30 reorganization, the digital asset depository institution shall file the
31 documents required by the Secretary of State to finalize the

1 reorganization.

2 (6) If the director determines that all required actions under the
3 plan for dissolution, or as otherwise required by the director, have not
4 been completed, the director shall notify the digital asset depository
5 institution, not later than thirty days after this determination, in
6 writing, of what additional actions shall be taken in order for the
7 institution to be eligible for a certificate of dissolution. The director
8 shall establish a reasonable deadline of up to thirty days for the
9 submission of evidence that additional actions have been taken and the
10 director may extend any deadline upon good cause. If the digital asset
11 depository institution fails to file a supplemental report showing that
12 the additional actions have been taken before the deadline, or submits a
13 report that is found not to be satisfactory by the director, the director
14 shall notify the digital asset depository institution in writing that its
15 voluntary dissolution is not approved, and the institution may appeal the
16 decision to the director pursuant to the Administrative Procedure Act.

17 (7) A financial institution operating a digital asset depository
18 department may, upon adoption of a resolution by its board of directors,
19 and upon compliance with the provisions of this section, insofar as
20 determined by the director by order or rule and regulation, surrender its
21 charter for a digital asset depository department for cancellation to the
22 department.

23 Sec. 26. Section 8-3030, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 8-3030 Each officer, director, employee, or agent of a digital asset
26 depository, following written notice from the director, is subject to
27 removal upon order of the director if such officer, director, employee,
28 or agent knowingly, willfully, or negligently:

29 (1) Fails to perform any duty required by the Nebraska Financial
30 Innovation Act or other applicable law;

31 (2) Fails to conform to any order or rules and regulations of the

1 director; or

2 (3) Endangers the interest of a customer or the safety and soundness
3 of the digital asset depository.

4 Sec. 27. Original sections 8-101.03, 8-115, 8-602, 8-3002, 8-3003,
5 8-3004, 8-3005, 8-3007, 8-3008, 8-3011, 8-3012, 8-3013, 8-3014, 8-3015,
6 8-3016, 8-3017, 8-3018, 8-3019, 8-3020, 8-3021, 8-3022, 8-3023, 8-3025,
7 8-3026, 8-3028, and 8-3030, Reissue Revised Statutes of Nebraska, are
8 repealed.

9 Sec. 28. Since an emergency exists, this act takes effect when
10 passed and approved according to law.