

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 11, 2000 LB 1125

CLERK: Mr. President, LB 1125 introduced by the Banking, Commerce and Insurance Committee and signed by its members. (Read title.) The bill was introduced on January 10, referred to the Banking Committee, advanced to General File. I have no amendments to the bill at this time, Mr. President.

SENATOR CUDABACK: Senator Landis, to open, as Chairman of the Banking Committee.

SENATOR LANDIS: Thank you, Mr. President, members of the Legislature. Although it looks like it's around personal loans, this is actually around credit cards. If you have a nationally recognized credit card in your pocket or your wallet or your purse, you might take it out and take a look at it. You'll find that your Visa or your Mastercard has at the bottom something that says send your payments to, and then you'll find the payment address. Sometimes you have to call up and get them, but you're going to find that it's either in South Dakota, Delaware, Nevada or Georgia. In fact, there are ten states that are the origin of the overwhelming amount of credit cards in the country that have a national aspect, and the reason that those ten states are the homes of credit cards are because they have a state law almost like Nebraska's but slightly different. Those ten states have said, if there are fees that are agreed to by the party, that's okay, and you can compound fees as part of the amount that's due and owing under the credit card. This bill does those same two things, says fees can be those that are agreed to by the two parties; and secondly, that you can compound fees as you can interest in the use of the card. We have a large credit card source that operates in Nebraska and surrounding states, it's the First National Bank of Omaha; it has about 3 million credit card customers, many of them are outside the state. As a matter of fact, there are very few local or in-state producers of credit cards, and the reason is, if you are an in-state producer of a credit card, you get the state law in the home state that you do this work. And the reason there aren't very many credit card producers, they are all very, very small, is because we have this rule in Nebraska that's being amended by LB 1125. If you are a major company of any substance or size, you move to one of the ten states that have the provisions that are in LB 1125. Now this particular