

April 20, 1979

LB 390

PRESIDENT: The question then is the adoption of the Burrows' amendment to the committee amendment to LB 390. All those in favor vote aye, opposed nay. The House is under Call. All legislators should be at their desks. Have you all voted? Record the vote.

CLERK: 15 ayes, 22 nays on the motion, Mr. President.

PRESIDENT: Motion fails. Read the next amendment, Mr. Clerk.

CLERK: Mr. President, Senator Burrows now moves to amend the bill to the committee amendments, on page 1, line 8, after the word "balance" insert, "through August 31, 1981, and after such date not exceeding the 11% per annum on the unpaid balance". That amendment is on page 1511 of the Journal, Mr. President.

PRESIDENT: The Chair recognizes Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body, this amendment would set a sunset provision for two years that would allow the 12½% increase for a two year period and return to 11% after two years. Since we are going to a historical rate in this bill of higher usury rate in the State of Nebraska I think it is reasonable that we return it by law after two years, a period that surely will let this cycle, and if it does not, would allow in the next biennium session, us to come back and again readjust the usury rate upwards if that were necessary. But historically interest rates have not stayed this high for any lengthy period of time without creating a collapse in the economy of this country. In the 1929's when we had a history that was similar to this it did not last this long. I think two years is a very adequate time. It would put it in the ninety day session where there would be adequate time to readjust the usury rate. We are talking about a usury rate move that is the highest we have had in a long period of years and I think the return is a very simple solution that shows that we as a Legislature do not intend on just raising this usury rate on a permanent basis. So I would move the amendment to adjust the usury rate backwards to 11% after a two year period. Contracts during the period would hold the rate they were under a contract prior and later. It does not alter a contract or a note that is negotiated during that period of time. At the end of two years, August 31, 1981, this would return the usury rate to its present existing rate. Thank you.

3689