

April 20, 1979

LB 390

support the Burrows' number two amendment that will put a time limit on this 12½% usury rate.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Try the question again.

PRESIDENT: The question has been called for. Do I see five hands? Yes, I do. All those in favor then of ceasing debate vote aye, opposed nay. Record the vote.

CLERK: 29 ayes, 0 nays to cease debate, Mr. President.

PRESIDENT: Motion carries. Debate ceases. Senator Burrows, you may close on your motion to amend the committee amendments.

SENATOR BURROWS: Mr. Chairman, members of the body, this amendment is the sunset provision after two years, August 31, 1981, and this gives the Legislature a chance to solve a temporary high interest problem where we will not crimp the credit in the next two years, but gives us, puts us on record saying we do not like higher interest rates and will allow this to return back to 11% after a temporary increase has been allowed for a two year period. This amendment, the people it really affects and I realize that some of the bankers would prefer no usury limit, but I don't think this Legislature is obligated to give the banks exactly what they want in legislation. We do have a lot more people at home that are borrowing money than those that are lending it when it comes to the voters and we do have a situation where you go into a small town bank across the state. Most of the people that are borrowing money do not have more than one bank to shop around to. They go into that bank, he has the community bank, if they have a substantial share of money borrowed, they are going to have to take the interest he gives them. They are not going to be negotiating a loan, those people that are less able to and they are going to have to pay that interest. We, in the Legislature, set the maximum and 12½% is a lot of interest. It is not doing a lot of people favors when we go that far but to continue it as permanent state policy I think is the worst mistake we make. This amendment is a commitment to the people that are borrowing that we in the state favor more moderate interest rates and that we will return to it two years from now unless the Legislature acts in the other direction and if interest rates continue to soar, undoubtedly this Legislature will raise the usury rates in the future