

May 1, 1979

LB 390

CLERK: Mr. President, I now have an amendment offered by Senator Johnson and that is on Page 1720 of the Journal.

SPEAKER MARVEL: Senator Johnson.

SENATOR JOHNSON: Mr. Speaker and members of the body, my amendment would do two things to LB 390. The first thing it would do is it would strike the sunset provision which presently is in LB 390. Now the sunset provision says simply that come August 31, 1981 the state shall return to a usury rate of 11 percent. The second thing my amendment would do is it would strike the emergency clause which is attached to LB 390. Now as you may recall....

SPEAKER MARVEL: The Call is raised.

SENATOR JOHNSON:I spoke on the floor of the Legislature when LB 390 was advanced off General File, and I discussed the effect that a usury rate has on the home construction industry. I indicated that the one reason that I personally could support an increase in the usury ceiling in these inflationary times was because of an overriding need that we had for home building all across this state. Without any real question there is a bona fide housing shortage in Nebraska, and to the extent that we keep usury rates low we can have an inhibiting effect on home construction. Now I also spoke against the sunset provision, and my rationale there was that given the nature of the home construction industry, persons who were developing housing inevitably engaged in what is known as interim or temporary financing so that they in turn could buy their subdivisions, plot the subdivisions, put in some amenities and construct homes which in turn could be sold to home purchasers, and I said that I foresaw an effect which a sunset provision could have on the ultimate ability to obtain interim financing for the home construction industry, and that is this, when the big banks go to advance money to a developer they want to know that in fact when the developer does construct those houses and those houses are up for sale that the money will be available so that home purchasers can buy those houses and then obtain mortgages at a favorable interest rate. Now I foresaw...I said that sunset provisions are good provisions in a lot of legislation, but probably not in usury legislation, because they would have an adverse effect now since we would be uncertain as to what this body would do come August, 1981 with respect