

February 27, 1980

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the capital, the capital will flow to the better market. I wish that there were a surplus of capital in the State of Nebraska for those of us who borrow money but there is not. This state wisely, this Legislature very wisely adopted a bill sometime ago which placed surplus state funds back in Nebraska financial institutions, and without those funds at the present time, many banks and S & Ls would be out of funds right now. Many of my small bankers are very short of capital at the present time. Cattle prices are depressed. Grain prices are depressed. Repayments have not been made to local financial institutions. Without the repayment of those funds, there will be every likelihood of an extreme shortage of capital in a very short period of time. We like to think that when we manage the market that we work in the public interest, but in most instances, in most instances, the more we interfere the more mischief we create. I wish it were possible as I said before to mandate a seven percent rate, five percent rate, but then those of you who have money to loan would not like that, and if you did have it and we mandated that rate, we could not still force you to loan it at that rate. I think that you should review what we are doing here today. There are several other adjustments. There are several other adjustments in this bill. I would like to ask Senator DeCamp a question please. I did not get a chance to read this amendment as completely as I wanted to last Thursday, Senator DeCamp, but I have read it since and I believe that if I were in a lending institution with the present language I could secure a nineteen percent loan under the installment loan provision, if I so chose, could I not? Is that not true?

SENATOR DeCAMP: If you so chose and the bank so chose and you set up a true installment loan, then if the bill passed with the Landis amendment, you could secure a loan, an installment loan at eighteen percent under the Landis amendment.

SENATOR SCHMIT: That is right. I am sorry, I forgot about the Landis amendment.

SENATOR DeCAMP: Okay, and you should have stuck around last Thursday and you would have enjoyed the meeting.

SENATOR SCHMIT: Apparently, Senator DeCamp, you didn't convince too many people either. The point I want to make is this. You see we have already got a little loophole in the thing. We can go from sixteen to eighteen but we have to require additional paperwork, additional monkey business