

March 3, 1981

LB 150

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I serve on the Banking, Commerce and Insurance Committee. I voted for LB 150 when it came out of committee. I supported it in its amendment process in the committee and if this amendment gets on I am going to vote against LB 150 and I want to tell you why. When I was approached on LB 150 and asked about it, explained its provisions and plumbed for support, I agreed that I understood that there was no way credit cards are going to continue to exist if they were not profitable and so I asked, if you get LB 150 as presently constituted, will you make money and the answer was yes. Now that rate was 18% and not 19%. So when John DeCamp stands on the floor and says there isn't money at 18%, either the bankers who were talking to me were wrong or John is wrong. Now I don't know which is which but I know that the bankers told me that if 150 got out as it was written they were going to be all right next year. Now, enough is enough. This session and last session have been bankers sessions, have they not? We have been tied up with usury rates, interest rates, the whole scale increase of the amount of money taken in by financial institutions and they are not hurting. They are making money just fine. Year after year they have been having record increases. I have heard the reports on profitability across the way in the Banking Committee. Maybe you haven't heard them but I have been there and I have been hearing them. There are segments of this economy that are not doing well but at this point it is not the banks. Now it becomes a point at which increases are unconscionable given the other kinds of sacrifices that people are making. If we pass LB 150 with 18%, it has been represented to me by what I regard to be reputable bankers there will be profitability in the credit card industry and now if that is the case, this extra percentage, the amount of which, the profit of which we don't know, isn't told us by Senator DeCamp nor I would assume the proponents of LB 150 later on, that amount of money, millions I am told, I would guess certainly, will be additional profit over and above the point of break even and the point of profitability. I believe I am a reasonable man. I believe I have acted as a reasonable man. It is not my intent to force industry to operate at a losing rate of return. That is not reasonable and if we don't make changes that will be the situation. That is why I am prepared to vote for LB 150 as presently constituted. However, it is also equally unreasonable to continue to grant to one area excessive gains, excessive support, excessive profitability at the cost of consumers that are strapped. John DeCamp tells you that there is a threat behind LB 150. You don't pass LB 150 with 19% and we will jump to the federal most favored lending doctrine in