

April 1, 1981

LB 271

I have handed out to you detailed sentence by sentence or section by section explanation. I think you all pretty well understand the bill. I move the bill be advanced.

SENATOR CLARK: Senator Chambers.

SENATOR CHAMBERS: (Mike off).

SENATOR CLARK: I have nothing on the desk. Do you have an amendment? Is the amendment coming up, Senator Johnson? The Clerk will read the amendment.

CLERK: Mr. President, Senator Johnson moves to amend: Read Johnson amendment on page 1265, Legislative Journal.

SENATOR CLARK: Senator Johnson.

SENATOR JOHNSON: Yes, Mr. President, members of the body, LB 271 I first saw two years ago when this body redid the small loan laws and LB 271 at that time was a revolving charge provision that was contained within the body of the small loan law bill that was moving through the legislature. Now I was fairly active along with other members of the body in trying to work out some reasonable balances and compromises on the small loan legislation that was moving through and it seemed to me that in the end that we were able to reach decent accommodations. One of the things that we did as part of the compromise package was to strike, was to remove from the bill that was going through two years ago these provisions that are contained in 271. Now the reason we made that, the reason we struck it was not so much that we felt that the revisions contained in 271 were anticonsumer, antiborrower, will work a hardship on people, but more importantly because they were, it seemed to us, to be a relatively new concept and we could not understand it quickly enough to tell whether it was a good provision, a bad provision or a neutral provision. So when I was reading the bills earlier this year and I came across 271 I had this flash of recognition, that was that this was the material that we had stripped out of the small loan law two years ago. Well, I took some time to go through it to make certain that it was not a bad provision and it seemed to me that what the small loan industry was asking for in 271 was not an evil. It was not something that ought to be vigorously and actively opposed but one of the things that struck me is this. The regular small loan laws set time limits. They say simply that a small loan of \$3,000 or less has got to be paid back in thirty-six months and a small loan of \$3,000 or more has got to be paid back within a longer time period, and when I looked