

May 13, 1981

LB 376

and that is why I am on my feet today. This is my feelings on LB 376. I am rising to speak on the Barrett amendment and tell you why I am going to be voting against the Barrett amendment. Early on when I began running for the Legislature, I decided that multibank holding company legislation was not in the public interest, certainly not in the public interest of the 46th District. Several interest groups agreed with me and they placed their confidence and their contributions with me, and we proceeded with that commonality of philosophy. I have been ever since searching for hard evidence to justify that presupposition, and I can't find it, and I have served on the Banking Committee now for two years, and I have made a diligent study of the materials that have been presented to that committee, and I have kept looking for that causal relationship between multibank holding company legislation and higher interest rates, fewer dollars loaned to farmers, or homeowners, for the flight of capital out of multibank holding company states to the east coast money markets, and in truth there are some studies that show that in isolated instances. But for everyone of those studies there is a mirror image study that shows exactly the opposite, and I am left with the conclusion that the people of the 46th District will not be affected by LB 376 passage in a direct economic way. Their loans won't dry up, their rates won't go up or down. The services that they receive probably will change very little, and I can find no evidence that the public wheel will suffer some clear demonstrable harm with the passage of LB 376, and because of that I find no reason then to support the Barrett amendment. What will happen in the event we reject the Barrett amendment and adopt the compromise amendment is that there will be an increase of competition when banks are sold. That is the moment of crux here. The bidding will go up and the multibank holding companies will have a competitive edge over an individual who might want to purchase a bank, and the reason, a multibank holding company can trade stock to purchase a bank, and, therefore, the seller avoids capital gains tax. A purchaser who buys with cash like an individual simply gives the seller a capital gain tax headache and consequently there will be at that moment of sale a competitive advantage for multibank holding companies in all probability. I can only see in this issue a blood bath between banking brothers, an innernessing fight between an industry that is now looking for the best competitive advantage for expansion. Generally, multibank holding company legislation makes the system more competitive at the moment of sale of a bank, and at the same time, however, creates large aggregates that, in fact, will swallow up banks