

a place where the statutes have a valuable rule to play. What about small loans? Are those the kinds of people who bargain, who understand the marketplace, who are sophisticated borrowers and can compete? No. That is why they are going to small loan houses. That is why they are going to those institutions because they are not very competitive borrowers. They represent a higher risk. That risk is reflected in the higher interest rates they pay. The small loan industry came about to put an end to loan sharking. LB 623 says the loan sharks are back in business. The problem with this bill is it mixes competitive rates with non-competitive rates and it treats them all alike. It says banks are no different than credit unions. S & Ls are no different than small loan finances, that revolving credit is no different than an installment loan, that every kind of financial transaction in this state is set in the marketplace. I don't believe that. Some of them are, some of them aren't. Our power to regulate which of those are covered by state law is contained in Section 10. We need that power. It should be excised from 623 and the rest of the bill which treats apples and oranges alike should be killed. If there are adjustments in interest rates, they should be passed individually. We have got Bob Clark's small loan interest rate bill. It raises the rate for small loan industry lenders. They deserve it. I have heard the public hearing. I have heard the testimony. They are in trouble. We need to react. The Legislature is prepared to react. However, I don't think the appropriate reaction is to say, the sky is the limit. There is no point beyond which it is unreasonable or unconscionable for a lender to go. LB 623 is a dangerous instrument in that part of it is very sensible, part of it represents a good philosophy, but in the name of that good philosophy and that good policy they sneak a lot of people through the back door. Take a look at the people who testified at the committee. Run down the list....

SENATOR CLARK: You have one minute left.

SENATOR LANDIS: Thank you, Bob. Three kinds of institutions were covered and yet nine different rates are taken off the books. The banks weren't there. The credit unions weren't there, but their rates are taken off by this bill. They didn't demand it. Only the people that that policy makes sense for showed up. And for the ones who might be put in an embarrassing position to justify themselves, I don't they showed up. 623 is overbroad, should be pared down to the minimum, and the