

February 9, 1982

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thing is, and I passed a handout the other day on your desk, is that the federal preempt doesn't require us to pass legislation until March of 1983. We don't have to do a thing on this issue this year. We would have to act in January or February with another session and there is plenty of time. Senator DeCamp, would you answer a question on this? Am I not correct that the date that we have to pass legislation by is prior to March of 1983?

SENATOR NICHOL: Would you respond, please?

SENATOR DeCAMP: The deadline for action by states is limited to March, 1983. I am offering the proposal now to do the two things as I suggested, take our action now and affirmatively state it and the other one, of course, to deal with usury rates themselves.

SENATOR BURROWS: I certainly don't know of any consumers wanting to see interest rates increased. And I see no rationale for any part of the bill except to provide for our exemption from the federal regulations. I would certainly agree to the bill if all usury rates increases were taken from the bill. There are some problems with our present usury legislation. One comes with the 16 percent which maybe if that were a point or two only applying to the \$25,000 and under loan under current statute. We need changes but not to abolish the usury rate system. I would like to remind again the arguments presented by Bill Brandt from the Nebraska Bankers Association in the Revenue Committee hearing stating that if a surtax were imposed, a 5 percent surtax, on intangible income and the bill involved had a \$10,000 exemption, that these rates would be passed on in increased interest rates claiming that they are...and to come to such a conclusion they would have to be organized well enough that there was no competition, free competitive force setting the interest rates amongst the banks. If they can pass off an additional tax on their income tax as direct rate, they are admitting that they are not competitive enough that you can count on that to establish rate structures in the state. I think they said by that that if we want to ever tax them and to have them pay a tax like everyone else in the state pays, that you have to have a lid on what they can charge. This is direct contradiction in any degree of logic to say that we have the free marketplace establishing rates, but still under this competitive organization they will pass on a tax that might be imposed on them. I wish the body would think on it. If that is not direct contradiction of logic, I don't