

March 30, 1989

LB 401, 603

SENATOR LANDIS: Thank you, Senator Chizek. There are no lights on. Senator Chizek, would you like to close? He'll waive closing. We'll move then to vote on the advancement of LB 401. Those in favor vote aye, those opposed vote no. Clerk will record.

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of LB 401.

SENATOR LANDIS: The bill is advanced. We'll move now to LB 608. Principal introducer is Senator Kristensen. Mr. Clerk.

CLERK: Mr. President, 608, offered by Senator Kristensen. (Read title.) The bill was introduced January 19, referred to Transportation, advanced to General File. I have no amendments to the bill, Mr. President.

SENATOR LANDIS: Senator Kristensen, to open.

SENATOR KRISTENSEN: Thank you, Mr. Chair, members. I'm here to talk about LB 608 this morning. This amends Section 60-1419. Currently this section provides motor vehicle dealers to provide a bond in the amount of \$25,000. The reason that this bill is important is because of a Supreme Court case that happened not long ago, called Dugdale v. First State Bank. That was a case where someone had went into a local dealer, had purchased an automobile, at which time the dealer didn't remand the proceeds back to the bank who was holding the title and the security interest. And the car purchaser says, my goodness, how come I don't get my title, the bank says, well, you're not going to get your title because I didn't get paid for this car. This matter went to the Supreme Court. Usually under our law, the financier of automobile inventories has always been protected because he had his name as a lien on the title, and he would get his proceeds back when he was paid. He'd release his lien and the title would go over to the person who purchased the car. That didn't happen in this case, and in fact it went to the Supreme Court, and the Nebraska Supreme Court said, well, car buyer, you bought this in the ordinary course of business. You had some expectation that you were going to get good title, you paid for the car, and the real problem was the car dealer himself who didn't bother to pay the bank. We're not going to penalize you, car buyer, for this situation. What this bill does is it comes back and allows the bank, or any security holder, to go after