

SPEAKER BAACK: Thank you, Senator Hartnett. Senator Pirsch, did you wish to talk to the committee amendments?

SENATOR PIRSCH: Thank you, yes, I would like to ask Senator Landis if he would yield, about the committee amendment that would opt out at the federal preemption of state laws. Senator Landis, would you yield?

SPEAKER BAACK: Senator Landis, would you respond please?

SENATOR LANDIS: What's the question?

SENATOR PIRSCH: I understand that we, you know, we have state's rights and we want our state to be the way we want it. What is the benefit of opting out of the federal preemption and what are the drawbacks? Are there any?

SENATOR LANDIS: Well, the virtue of not opting out is that the federal code would give us a rule that we would not have to review, analyze or the like and it might well be uniform with how other states treat the situation. On the other hand, what I think the department is looking for here is the chance to decide for itself. What the federal code says is that these certain kinds of categories of mortgage investments shall be treated for our investment law purposes as obligations issued by the United States or an agency or instrumentality thereof even though they're not guaranteed by the U.S. government, issued by the government or issued by a federal instrumentality. But they say, look, for your purposes in your law, treat them as if they were. They tell us how to interpret these transactions and I think that sounds like something for us to decide, whether we want to treat them as the same way as we treat U.S. issued securities or if we think that they're not to be treated in that way. So we get discretion, but we give up...(interruption)

SENATOR PIRSCH: Okay, so they would give more weight then to their federal emphasis, their federal investments. Would that be fair to say? Or it's just the way they can handle it for all 50 states?

SENATOR LANDIS: Well, the purpose of the law is to get all of...I assume on the federal level, I haven't talked, I'm just trying to figure out on the face of it, is to get all the 50 states to treat certain mortgage transactions as if they were the same thing as U.S. issued transactions, although they give