

# One Hundred Fourth Legislature - Second Session - 2016

## Introducer's Statement of Intent

### LB1036

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**Chairperson: Senator Jim Scheer**

**Committee: Banking, Commerce and Insurance**

**Date of Hearing: February 02, 2016**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 1036 emerged from the Intergenerational Poverty Task Force's continuing study of behaviors, conditions, and policies that contribute to persistent poverty in Nebraska. The Task Force was created by the Legislature last year.

LB 1036 repeals the 34-day limitation on payday loan duration and replaces this short-term, lump-sum model with one based on affordable payments over time. It requires that loan charges be pre-computed and spread out over time, so that each month a borrower makes substantially equal payments that go toward principal, interest, and fees.

The bill amends current limits on loan pricing. In their place, it sets a maximum monthly payment at 5 percent of borrower income, states that maximum loan charges on a given loan are 50 percent of loan principal, and provides that lenders can charge borrowers an interest rate of up to 36 percent per annum and maximum monthly maintenance fee of \$20.

**Principal Introducer:** \_\_\_\_\_

Senator Kathy Campbell