

March 7, 1979

LB 87

SENATOR NEWELL: The Fowler amendment.

SPEAKER MARVEL: ...Fowler amendment.

SENATOR NEWELL: Mr. President, and members of the body, I rise to support the Fowler amendment, even though my name is not on that...the Fowler, Cullan, and I can't remember all the rest of the names. I'm a little upset with Steve for not allowing me to be part of that amendment, but I'll... that's right, I'll let this...I'll let my pride get away from me this time, and support the amendment. Basically, what we're doing with the proposed amendment is reducing from ten years to five years, and reducing from a maximum of ten thousand dollars to seven thousand dollars. Now, the important thing here is this, with the ten year amendment, someone could borrow money at eighteen percent on something that certainly won't last that long. You know, if they're going to buy an automobile for ten thousand, or whatever they might buy, they say a mobile home and you can't buy much of a mobile home for ten thousand dollars, and it certainly is questionable whether the thing is going to be worth that much by the time they finish depreciating it after ten years, but what happens is is that you pay, you end up paying out of the ten years you end up paying more...you may have lower payments, but you're paying, in those seven years, the last seven years, just interest alone. Now, I think if you're going to make these kinds of loans at these kinds of interest rates, and remember we're doubling the interest rate...we're doubling the interest rate in this situation from nine percent to eighteen percent, if you're going to...now that's not true with the last five thousand dollars, where it's only fifteen percent, but you're... it's a significant increase, and you're dragging these payments out. What you're making, basically, is a slave of this individual, who may not realize he can get money cheaper at another institution. You're making a slave of him. He's going to be working for these companies on a protracted basis. The five year...the five year, sixty month provision is key... it is most important, because it does this, it says, if you want to borrow money, up to seven thousand dollars, you have to do that and pay it back in a five year situation. Now, if you're going to buy a car, five years is a long time to pay for a new car, and at these high interest rates. But the situation is this, if you allow it for ten years, you are paying...you are allowing that person, and he's long past going to use up that automobile, he's going to continue to owe that debt, he's going to continue to be paying that interest, and so forth. You're going to have with this, at least some way, by making it a five year limitation, some way of which showing the individual that his payments are going to be high, and at