

April 20, 1979

LB 390

the deadline for the introduction of bills, the Banking Committee through its counsel and other people, became aware of two major things. First of all, it was discovered that apparently through inadvertence, error, whatever, a couple years ago the laws relating to savings and loans in the states were accidentally repealed in terms of the usury rates and there were no usury rates on the S & Ls. At the same time another major problem was discovered and that was that the interest rates in the state were going up and we were starting to, I mean the federal rates, money rates you could get money at were going up and the squeeze was on in terms of having money available then in the state now and for the future to get to Nebraskans. We therefore concluded rather than introduce a separate new bill because the Banking Committee up to that time had not sought special permission or suspension of the rules to introduce any bills at all and we wanted to maintain that impeccable record and we wanted to save time, we simply got the agreement of Senator Duis to use this bill, 390, to address these two problems and so the amendments of the committee then, as I say, they gut the original bill completely and they set up a 12½% usury rate and they bring the S & Ls into the usury rate statutes and correct the error that occurred several years ago. So we can... I urge you to adopt the committee amendments with those understandings and now it is my understanding that Senator Burrows has an amendment to change the 12½% to 12% and another one that would terminate in a couple of years. I have talked to various people on both sides of it and I am kind of in the middle on it. I guess I felt that 12% seemed like it would be functional. I have talked to Mr. Brandt and Mr. Harris, of course as you know who represent various banking interests. I have talked to some of the S & L people. They indicate, no, probably 12½% even is going to be touchy because of new federal rules on lower denomination money, et cetera, et cetera, et cetera. So I guess you just use your own judgement on that. After talking to them this morning I guess I personally am going to stick with the committee amendments at the 12½% even though I personally had been inclined originally to go for the 12 but if indeed, these things are occurring and I just checked it out in the Wall Street Journal. The feds are indeed issuing these new things. They are absorbing up the money and unless we are in there, we are going to be faced in August and September with the same old crisis of not having available money. I urge you to adopt the committee amendments.

3682