

April 20, 1979

LB 390

CLERK: Mr. President, Senator Burrows moves to amend the committee amendments. (Read Burrows amendment found on page 1582 of the Legislative Journal.)

PRESIDENT: The Chair recognizes Senator Burrows on his amendment to the committee amendments.

SENATOR BURROWS: Mr. President, members of the body, this amendment is quite simple. It would change the rate from 12½ to 12 by striking the words one-half. I think this is adequate and we are talking about the general usury rate for the entire state, a general package of law which would be at 12%, the highest general usury rate this state has had for...during my lifetime. I think we ought to be very reserved about increasing these rates and go no further than is absolutely necessary because I think it is a problem then as they are established higher to bring them back down in law at a later date and with 12% as you reach this term, there becomes a question as to whether you are doing anyone a favor by loaning them more money at higher rates. 12% is a good round figure. It is 1% per month. I do not believe that we can continue our national policy of high interest rates. I think it will turn down in the future because I think historically we have not survived periods economically in the country very long with rates that have gotten as high as this. I can understand with some of the prime rates exceeding 11%, the move to raise the usury rate at this time. I think there is some justification and certainly we don't want to crush our building industry or anything like this. If we cannot at least bring this down, I know myself I will have to vote against the bill if we can't tighten it up a little bit more than what it is, but I think I could well go along with the bill if we could bring it back to 12 and put a two year moratorium on it, but the present issue is whether it is 12 or 12½ and I am seeking in this amendment to cut it back to 12 and make it just a little bit more palatable to the borrower. I do not think we should take our primary interest as to what the Bankers Association wants but I think somebody here has to start looking at what the borrower wants for protection in this usury rate. These charters on these banks generally and as we get in the rural areas we have one bank per town. It is quite a monopolistic situation. You don't go to three or four banks when you shop for credit. So I think the idea of competitive interest rates is stretched a little bit as to a true and free competitive nature. They are required to have a