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charter and to have a second charter in a town you have to prove the need for it so I think with this strong regulated position that it is our duty to keep the interest rates and the general usury rate of the state as close as possible. So I would urge the adoption of the amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I rise in support of the Burrows amendment. Actually I am not in support of raising the usury rate at all at this point in time but I think that the momentum is there to raise the rate but I would have to say that I think the 12% rate is more than adequate. Now I know that there are all kinds of indications that the federal treasury rate is going to increase, that money will flow from the state but I want to point out that in most of the banks in my area the rates have not yet approached the 11% maximum. 10, 10½, 10¾% is common and I think that that is an indication that even though we have an 11% rate that we have not yet bumped that 11% rate. I would just still want to say that I believe most emphatically that if we raise that rate to 12½% that the common rate chartered to the borrower will increase to 11, 11½, 11¾, maybe even 12. I think there is a little bit of insulation there. I want to point out also that at the present time when we talk about the usury rate we are really not talking about the rate that is charged many of our customers. Any loan over \$100,000 can be charged in excess of 11% now. Any corporate loan can be charged whatever the market will bear so what we are really talking about here are loans under \$100,000. So let's take a look at who borrows that money. For the most part you find that people who are buying homes borrow that money. That means the individual, the young family who is just getting started is going to go out and buy a home and pay that 12½% rate. I am not a mathematician and I am not an expert in finance but I want to suggest as Senator Burrows has pointed out, that a 12½% rate on a \$60, \$70, \$80,000 home is perhaps more than that young couple can bear and I think that we may, in fact, be encouraging something here which we do not intend to encourage and that is the entrance into a dead load at a mortgage interest rate that cannot possibly be assumed by many people who are borrowing the money today. I know that this sounds good. You come up here and say, well, the money is going to flow out of this state, something else is going to happen but I want to say this. It has been my experience that