

April 20, 1979

LB 390

PRESIDENT: Before we go on to the next speaker the Chair would like to introduce from Senator Dworak's district, some twenty seventh and eighth grade students from the Platte Center Public School. Miss McGill and Miss Meyer are the teachers. They are up here in the North balcony. Would they stand up and be recognized? Stand up, good morning, welcome to your Legislature. The Chair recognizes Senator Duis.

SENATOR DUIS: Thank you, Mr. President, members of the Legislature, I make my testimony here very brief because I would not, not to conserve all of the time this morning because we have two other bills coming up this morning. What I do want to say is that 12½% is quite necessary because at the present time the one hundred eighty-two day money market CDs are bringing 9.627 and the 12½% would just allow just a little less than 2% differential between what the money that is being deposited on these CDs between that and the 12½% so consequently it would be almost necessary that they have this. Otherwise we might have a drying up of the market. The Savings and Loan Associations at the present time are charging about 10½ to 11% in this area and consequently their money market is about the same as that of the bank because they also are issuing the one hundred eighty-two day CDs and as people find their money coming up in the Savings and Loan and the banks, they are taking the hundred and eighty-two day CDs, so consequently the 12½% will just allow for just a little bit under 2% differential for the lending institutions so that they can do business. With that I would conclude my testimony at this time.

PRESIDENT: The Chair recognizes Senator Lamb.

SENATOR LAMB: Mr. President, members of the Legislature, I rise to support the Burrows amendment. I had a number of phone calls from financial institutions in my area concerning LB 390 and the conversation usually goes something like this. We really need the bill and then I counter, I say you can probably get by with 12%, can't you? Oh, yes, they say, I don't think that is going to be any problem. So I really don't think it is a problem and I think it is reasonable to establish the rate at 12%. I agree with Senator Schmit's comments that it is probably plenty high, that we are not approaching that at the present time and so I would urge adoption of the Burrows amendment.

PRESIDENT: The Chair recognizes Senator Cope.

SENATOR COPE: Mr. President and members, I would oppose