

April 20, 1979

LB 390

Senator Burrows' amendment, not necessarily because perhaps today 12% would be high enough but we are going to be back here mighty quick, at least the next session, doing the same thing over again and it does cost money to put a bill in the Legislature and as long as the federal government is a competitor and that is exactly what is going on, interest rates are going up. Senator Duis gave you an example and I read the other day where I think it was 9.5 for ten years. When they start stretching it out, not for near term money but for long term money, that is ten years at over 9%, I am afraid that we are going to have a continued inflation. It is not the banks faults, not the savings and loans but the federal government and we have to go along with that. I think Senator Schmit made the best argument for the 12 $\frac{1}{2}$ % when he said that anyone that borrows over \$100,000 or corporations, they can get money for any amount they want. Now let's face it. Institutions that are in the business of loaning money, if they can get 13% or 14 from government or from corporations over \$100,000, that money is going to go there. Who is going to suffer if there is a shortage of money and there will be a shortage of money if the usury rate isn't raised. It is going to be the person that is buying that house, that small business that needs the money. Sure it is too high a rate. We will all admit that but is it our place to tell a person that they can't buy a new house because they cannot get a loan because the savings and loan primarily just don't have the funds? I think that is the question. Are we to judge how they spend their money and that is what it is coming down to as sure as I am standing here. People are worried about the competition that the rates will stay the same if the money market expands and the federal government starts cutting back. Money is no different than a pair of shoes, furniture, food or anything else. If there is more of it the rates will go down. It is competition. So personally I don't worry about that but I am thinking about the people, the small borrower who may need the money, whether they should borrow it or not. I don't know but they want it and they should have the opportunity, I believe, to buy a home if they want to.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Just question, if it is okay.

PRESIDENT: Do I see five hands? Yes, I do. The question is, shall debate cease on the Burrows amendment to the committee amendment. All those in favor vote aye, opposed