

March 5, 1980

LB 276

house...she goes to the loan company and gets a loan for \$26,000, it is whatever the loan company and Barry Reutzel agree to provide that money at. That may be one percent. That may be ninety percent. As a practical matter, it is obviously not going to be. Certain federal regulations come into play. But it is a negotiated rate above twenty-five thousand for everybody. The other major part of the bill on bank loans, the general loans under twenty-five thousand, the general usury rate that is now twelve and one-half percent goes to sixteen percent. The other parts of the bill have to do with installment loans. We discussed those. I think we amended that with Landis' amendment, Senator Landis' amendment to about eighteen. Basically, there are major increases in usury rates involved in LB 276. I believe we are in a crisis situation in this state in terms of providing financing. I have had people call me from every segment of the economy and say they are literally on the verge of going out of business because they cannot sell mobile homes, they cannot sell modular homes, they cannot do this or that because nobody will loan the money because we have said in Nebraska with our usury rates the way they are that you must sell money, you must loan it for less than it costs you to buy the money. That is not a situation that can last any longer. We probably should have corrected it in November as I suggested. I am sure damage has been severe to the state already. Now, to those who would say to me, how can anybody afford to pay for cattle? How can anybody afford to pay for the crops or anything else, and pay these interest rates and survive? My answer is, I don't know, and a lot of people won't and some people are going broke, and that is the situation of the economy. When I get ready to make the closing on this, I will give some more detail or explanation as to where I think we are going...the documentation for that, the situation, and so on and so forth. Basically, I think we have got the committee amendments explained at this point.

SENATOR CLARK PRESIDING

SENATOR CLARK: Mr. Clerk, have you got any amendments on the desk for the committee amendments?

CLERK: Mr. President, I have several. Senator Landis had an amendment that was adopted by the body on February 26th. The first is now offered by Senator Burrows. (Read the Burrows amendment.)

SENATOR BURROWS: Mr. Chairman.

7804