

March 5, 1980

LB 279

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Record.

CLERK: Quorum present, Mr. President.

SPEAKER MARVEL: Are we ready for 279, Mr. Clerk?

CLERK: Yes, sir. Mr. President, LB 279, read title. The bill was first read on January 15. It was referred to the Banking Committee. The bill was advanced to General File. There are substantive committee amendments by Senator DeCamp's Banking Committee.

SPEAKER MARVEL: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, this is another major usury or interest bill and it is relatively simple but relatively important and I will explain the areas it deals with, and I will say in advance that traditionally each one of these or any portion would have been dealt with one or several bills. So when you vote on these bills do realize that herein in basically three bills we are doing what traditionally would have been done in maybe fifty or a hundred bills and you are dealing with a number of weighty matters. Section 1 of the amendment, which, of course, becomes the bill, relates to the Department of Roads construction contracts and what this says in the bill is that the interest ceiling on retained payments would increase from eight percent to twelve percent per annum. So what we are talking about there, and I am sure Senator Fitzgerald and some others are going to have some amendments or some other input on this, the Roads Department as it works now, if they wait more than sixty days to pay the contracts, then this bill would make them pay twelve percent interest rather than eight percent. Why? The argument is relatively simple. The contractor has to borrow that money and he is probably borrowing it at considerably more than twelve percent so he shouldn't have to be financing the state so we are raising it to twelve percent so at least it is somewhere near or somewhere closer to what he is paying for that money himself. The second part, interest rate, legal interest rate, uncontracted for rates might be another phrase is raised from six percent to twelve percent. An example of what we are talking about, there we are talking about such as income tax, wasn't paid on time or on which there is interest owed.

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