

March 10, 1980

LB 276

Mr. President, Senator Johnson moves to amend: (Read Johnson amendment found on page 1090 of the Journal.)

SENATOR JOHNSON: Mr. Speaker and members of the body, my amendment is...well I regard it as a relatively simple amendment though Senator DeCamp has told me on several occasions that it has to be one of the most pernicious amendments to come down the pike. I personally believe that that is an extraordinary hyperbole on Senator DeCamp's part and continue to contend that this amendment is a very modest amendment. All it says is this. It says, when we look at usury we will look at each loan or each extension of credit which is less than \$25,000. The way the bill presently reads is it looks at all the credit that has been extended or all the loans that have been made by the creditor or the lender in terms of looking at the \$25,000 limitation and the reason why it says that is because this bill included the new word "aggregate". It said if the "aggregate" principle exceeded \$25,000 then the usury ceilings would not apply. So I said, let's strike the word "aggregate". Just make it read, if the principle exceeds \$25,000 then the usury ceiling shall not apply. Now why do I feel that way? Well I can frankly see a situation where you can have a person going to a licensed lender for example, a small loan company for example and borrowing \$5,000 to \$6,000 on an automobile and when they borrow \$5,000 or \$6,000 on an automobile then they are covered by the usury limits but because it is a licensed lender they will be covered by the small loan rates. Well now the same person goes back to the same licensed lender this time to borrow \$20,000 or \$21,000 for a mobile home because they have got to have a place to live. \$21,000 obviously would be under the present 16% usury limit even as this bill calls for but because of the word "aggregate" we can add to the \$5,000 or \$6,000 loan the \$21,000 thereby raising the total indebtedness over the \$25,000 usury ceiling. The licensed lender may then charge the borrower whatever the licensed lender can get away with and whatever the borrower is prepared to pay. Now you and I have essentially arrived at a compact in this body that we are still going to protect some borrowers in our society and by and large we have decided we are going to protect the small borrower and that is why we have left the usury ceiling at \$25,000. We feel that the small borrower needs to have some protection and that marketplace forces are not good enough. They are not good enough to fully protect the small borrower and I agree with that. I think that that philosophy is probably the correct philosophy but it seems to me that once I have approached that philosophy, then I need to strike from this bargain, the word "aggregate" because if I don't strike from this bargain the word "aggregate", I, in some circumstances