

April 1, 1980

LB 940

Landis amendments never address Section 25-1552. That \$1500 amount is not increased. That's all you've got. Is that good? Is that bad? Well, maybe we have a hard time, I guess, reckoning with those scoundrels that become bankrupt, because, after all, these are bad people out to beat creditors. The truth of the matter is the leading cause of bankruptcy is medical expenses. You know, people just have a hard time paying medical bills sometimes. They don't...we don't have national health insurance. Private plans oftentimes are inadequate and there are poor people around and they just become distressed and they have got to avail themselves of bankruptcy. Now we are willing to give....if they haven't got a house, they can get \$1500 in personal property exempted. Under the federal exemption program which we are about to repeal they would have received \$1200 in value in one motor vehicle. In other words, if they had 1200 bucks of equity in a car, they got that. They can keep that. They would get \$200 for each item of household furnishings. So that would allow most people to keep their ragtag assets, and let me tell you, when you go...you are a poor person and you go through bankruptcy that is essentially what you have. You have got children's clothing and children's beds and things like that that are only of value to you and your family. That's all. They've got no value in the marketplace. Well, by rejecting the federal exemptions there is a greater likelihood that a bankrupt can lose those little bits of personal items. It doesn't always happen, but it can happen, and when it does...

PRESIDENT: One minute, Senator Johnson.

SENATOR JOHNSON: ...that poor bankrupt has got to go out, start all over again, borrow, borrow at high prices now...buy at high prices now that which was just sold for very little money whatsoever. The federal exemptions were well conceived. They ought not to be summarily repudiated. When I said on the floor that I thought this bill deserved General File debate and Select File debate I meant it from the bottom of my heart, because you and I and the people of the state deserve far better than to have these kinds of amendments just tossed our way without the kind of discourse the legislative process and the people deserve before we again overburden our debtors. And let me tell you, when we increased our usury rates as handsomely as we did, we have, in effect, put our debtors at a more precarious position than they have ever been, and there truly will be more debtors that have to resort to bankruptcy so that they can keep body and soul and families together, and if we shortchange them on the exemptions....

PRESIDENT: Time, Senator Johnson.