

fully agree, but...and it is too much but if we don't have some sort of a legitimate place to borrow money, you know where they are going to go if they have to borrow or think they have to do to buy a car or whatever they are going, they are going to go to the loan shark, the hip pocket loaner and if they don't pay them, they could have a broken arm or a leg or something else which I guess is even worse. I still believe that the supply and demand for money is what sets the rates and when the demand is up the rates go up. When demand goes down the rates go down and that is what does the job. So let's let this bill move along, at least have a good chance at it and vote against the kill motion.

SENATOR NICHOL: Senator Newell.

SENATOR NEWELL: Mr. President and members of the Legislature, it is not often that I rise to oppose my good friend Senator Burrows on matters of interest rates and so forth but I am going to oppose him in regards to the kill motion on 702. The reason I am going to oppose Senator Burrows on the kill motion is very simply this, that I think that the kill motion at this time will basically do away with the small loan industry and I think that would be a tragedy worse than encouraging people to borrow money at these excessive interest rates. With the amendment that we have now we have a bill as Senator Burrows most accurately indicated has excessive interest rates. Not only does it allow 23% on most of the loan, 24% on the first thousand, but it also allows for points up to 7% and one saving grace is that there is a five hundred dollar limitation on that and that is some saving grace. But I think to kill this bill at this time would really mean that we are stopping people from making loans altogether and I think that has a poor public purpose. Senator Kahle and I were discussing the fact that we have a generation of people who are borrowing money at these excessive interest rates and that really is a mistake and I would encourage folks not to do that, that I don't think we can be irresponsible by killing this amendment allowing the industry to go dry or go under and, therefore, create this sort of situation. However, at the same time I am not really enamored with 702 even with the proposal that I think makes it much more palatable than when it was introduced. I have some concerns that the point requirement is going to encourage the industry to encourage people to make loans of around the five thousand dollar mark. If they come in to borrow two thousand dollars they are going to be encouraged to borrow five thousand because they are going to want to make those loans of five thousand where they make a bigger profit where they can get the 32% interest rate or right at 30% interest rate. And so with that in mind, that I intend to offer some amendments or at least considering