

January 6, 1982

LB 618 - 645

PRESIDENT: The Legislature will stand at Ease for about five minutes. We have a few more bills to get in and we would like to get them in at this point. So the Legislature will stand at Ease for five minutes.

EASE

PRESIDENT: The Clerk will proceed with the reading of new bills.

CLERK: Mr. President, new bills. LB 618 offered by Senator DeCamp. (Read title). LB 619 offered by Senator DeCamp. (Read title). LB 620 offered by Senator DeCamp. (Read title). LB 621 offered by Senator DeCamp. (Read title). LB 622 offered by Senator DeCamp. (Read title). LB 623 offered by Senator DeCamp. (Read title). LB 624 by Senator DeCamp. (Read title). LB 625 by Senator DeCamp. (Read title). LB 626 offered by Senator DeCamp. (Read title). LB 627 offered by Senators DeCamp and Kilgarin. (Read title). LB 628 offered by Senators DeCamp, Koch and Vickers. (Read title). LB 629 offered by Senator DeCamp. (Read title). LB 630 offered by Senator Newell. (Read title). LB 631 offered by Senators Von Minden, Hefner and Goll. (Read title). LB 632 offered by Senators Wesely, Remmers and Rumery. (Read title). LB 633 offered by Senator Clark. (Read title). LB 634 offered by Senator Newell. (Read title). LB 635 offered by Senator Kahle. (Read title). LB 636 offered by Senator Warner. (Read title). Mr. President, new bills. LB 637 offered by Senator Vickers. (Read title). LB 638 offered by Senator Koch. (Read title). LB 639 offered by Senator Wiitala. (Read title). LB 640 offered by Senator Wiitala. (Read title). LB 641 offered by Senator Wiitala. (Read title). LB 642 offered by Senator Wiitala. (Read title). LB 643 offered by Senator Wiitala. (Read title). LB 644 offered by Senator Vickers. (Read title). Mr. President, LB 645 introduced by Senator Kilgarin. (Read title). (See pages 95 through 100 of the Legislative Journal).

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: The Chair recognizes Senator Wesely, Chairman of the Rules Committee, to proceed with item #10. I would respectfully remind the Legislature once again that we need to keep moving in order to remove some of the roadblocks, and if we don't they are going to be there as big as life itself. The Chair recognizes Senator Wesely.

SENATOR WESLEY: I move the adoption of permanent rules for this legislative session.

January 26, 1982

LB 274, 572, 623, 816, 948

to start getting too greedy.

SPEAKER MARVEL: The bill automatically lays over. Now the Clerk has some items on the desk.

CLERK: Mr. President, I have a designation of LB 572 as a priority bill by the Speaker.

Mr. President, reminder that the Judiciary and Banking Committees will be switching hearing rooms today for public hearing.

I have an Attorney General's Opinion addressed to Senator Pirsch, one to Senator Schmit. Both will be inserted in the Journal. (See pages 422 through 427 regarding LBs 948 and 816).

I have public hearing notices from the Urban Affairs Committee for February 10 and 17, and one from Retirement for February 3, and one from Retirement for February 9.

Banking reports LB 623 advanced to General File with amendments, Mr. President.

Mr. President, in addition to that I have a notice of hearing offered by the Ag and Environment Committee. In addition, the Ag and Environment Committee would like to cancel the hearing scheduled for Friday, this coming Friday, January 29. In order to do that, Mr. President, Senator Schmit needs to suspend Rule 3, Section 12, so as to permit the cancellation of the public hearing.

SPEAKER MARVEL: The Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I would like to move to suspend the rules and cancel that hearing because it is similar to another bill which we have scheduled for a later date, and it will be much more convenient for the individuals who will testify if we hear both bills on the same date. So I would ask you to vote for the rule suspension.

SPEAKER MARVEL: The motion is to suspend the rules to cancel the hearing. Is there any further discussion? All those in favor of Senator Schmit's motion vote aye, opposed vote no. We are talking about 30 votes. Have you all voted? Okay, record the vote.

CLERK: 33 ayes, 0 nays on the motion to suspend the rules and cancel the hearing, Mr. President.

SPEAKER MARVEL: The motion is carried. Other items?

CLERK: No, sir, I am through.

February 4, 1982

LB 829, 623

what this bill does is eliminate the Advisory Council on Hospital and Medical Care Facilities. Now this is simply a bill to eliminate this council which has not been functioning for several years. In fact, the testimony from Dr. Smith of the Department of Health indicates that the membership of this particular council is not even...it would be impossible to even locate some of them now. Some of them are deceased. They have not kept the membership of this Advisory Council current, and most of their functions are now gone. But the functions of the Advisory Council on Hospital and Medical Facilities were related to the Hill-Burton Program which, of course, has long since been eliminated. And so the Department of Health saw no reason to continue the operation of this particular advisory body. With that, I would urge you to advance LB 829.

SENATOR CLARK: Is there any discussion? If not, that is your closing. Do you want to advance the bill? To E & R, 829. All those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Record the vote.

CLERK: 30 ayes, 0 nays on the motion to advance the bill, Mr. President.

SENATOR CLARK: The bill is advanced. We will take up the next one which is a noncontroversial bill, LB 623.

CLERK: Mr. President, LB 623 was a bill introduced by Senator John DeCamp. (Read title). The bill was read on January 6 of this year. It was referred to the Banking, Commerce and Insurance Committee for public hearing. The bill was advanced to General File, Mr. President. There are committee amendments pending.

SENATOR CLARK: Committee amendments. Senator Cullan, for what purpose do you rise?

SENATOR CULLAN: I was inquiring as to why you passed over LB 606. Senator Kremer asked me to handle that bill for him since he was absent and I would be happy to handle LB 606.

SENATOR CLARK: All right, we will come back to 606. Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature,

I think this is a fairly important bill, but I think it is probably going to be one of those that is also one of the most misunderstood of the session. We have 49 of us legislators here. For I guess three or four years very actively about 10 to 20 percent of the session each year has revolved around usury rates, what should or shouldn't be, changing this, adjusting that, on and on. And it is, of course, revolved around the whole problems of the country, the whole economic situation on interest rates in general. What I presume or propose to do with this legislation is two main things. Number one, maintain for the indefinite future, in other words forever, or until this Legislature decides otherwise, control, state control over usury rate limits. Okay, if you do not pass some legislation specifically stating, specifically claiming that this State Legislature for the future is going to exercise control over usury rates, then generally speaking you are already preempted and will be preempted forever from any control. That is in a new federal law, so on and so forth. That is one purpose of the bill to specifically state that we are exercising our option for the future to control. The control I am proposing, at least at the present time, at the present time until such legislatures in the future get a fix on things and decide what they want to do, is to say, look, let the marketplace negotiations whatever the current rates are, let them be the dictator of what the rates are rather than any artificial amounts or numbers we might set in here. And I realize that that sounds like you are saying, oh, you are taking the protections away. And I guess it is my claim that the protections are not protections as they exist now, they are quite the contrary. They are devices to charge more in most cases. Now as I said, there is 49 legislators. You have heard more discussion on usury rates than anybody in the State of Nebraska. You 49 are supposedly the experts. I would venture to say that not one person of the 49 right now can stand up, including me, and tell what the usury rates of this state are or what the usury rates that we think exist of the state are as replaced by federal law in any number of areas. They just have become a mishmash of confusion and are used to the detriment of the creditor, in my opinion. I realize that Senator Landis and some others are putting kill motions up there. I would suggest to you and I am going to let the kill motion which he is offering wait until tomorrow, which I think I have the right to do, or the option. I would suggest to you between now and tomorrow you find out as much as you can if you have got the time on what the real law is on usury rates. And I guarantee you, whatever you think is in existence now is not in

existence. Whatever you think the law is, guarantee you, it ain't. So I repeat, the bill does two things, exercises for the future that control which if we don't do by a certain time in 19...by next year early April or something, we will lose forever. That is one element of the bill. If you do nothing else, do that element, I think. And, quite frankly, the bill has no support from the banking industry and those people. You haven't been lobbied by anybody on it because they would just as soon see, quite frankly, they would just as soon see everything taken away from the state in this area so that they don't have to buck the state or deal with the state in it. I believe state control should be exercised. I think we should keep it for the future. What we do with it is a separate question, but I think we should at least use our option when we are given it under federal law to take it. The second element is that option at least for today until we make a change, is to eliminate essentially usury rates because my claim is that they have been used completely to the reverse, that the supposed ceilings have become floors, and that when, in fact, the ceiling is an inhibitor or preventer, then there is a law or a rule to get around it. And rather than document to you now the why and wherefore and the proof of these things, I am going to let some objections be raised and ask some questions of some individuals as they raise their objections and I think I will prove my case before we are all done. So with that said, I will quit talking. Is there a motion to kill?

SENATOR CLARK: We have an amendment first here.

SENATOR DeCAMP: Well, the committee amendments are to the effect that I had a two-year limitation. That becomes an unworkable entity so they correct that. So I would urge you whatever you do adopt the committee amendments to get that clarified and if you do decide to pass the bill, advance the bill, whatever, you may have to make some further corrections on Select File, some technical corrections depending upon some additional research into federal law as to how to exercise our exemptions...or our options to control, but at this time irrespective of what side you are on I would urge you to adopt the committee amendments.

SENATOR CLARK: We have an amendment to the committee amendments.

CLERK: Mr. President, Senator Landis would move to amend the committee amendments by striking all of them except for Section 10.

SENATOR CLARK: Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, unfortunately we can't address the kill motion or pass over the bill to give the time to the body to study this without going to the committee amendments first. And it is like jumping into deep water without the ability to swim. The committee amendments are the deal. The committee amendments, the white pages, constitute the terms of the deal that has been cut and if we pass the committee amendments in this easy parliamentary procedure, we simply put our imprimatur on the negotiated package deal from the financial institutions of this state. So let's not just wink and say, adopt the committee amendments, move the bill along. The committee amendments are very important and we are about to take the step that simply lays out everything that we are going to do on 623. This is not one of those simple technical amendments because without the language in the committee amendments the bill isn't of value to the financial institutions. With the language changes it becomes immensely valuable and when we do this, when we take this action, we will have charted the course for the rest of LB 623. So what is in the committee amendments? What is in the committee amendments is giving life to and making workable the green copy of the bill which is in favor of or supported by a number of financial institutions, not all of them. There seems to be a split in the philosophy of the financial institutions. Some do not want Nebraska to take any action on the federal preemption. Unless we pass Section 10 this year or by April of next year, the State of Nebraska will not be in a position to regulate interest rates. Simple as that. When you look on page 8 of the white copy, you are looking at the authority of the State of Nebraska to control interest rates inside its borders for state chartered institutions. That is what is on that page. All the rest of the bill constitutes the end of the usury rates and interest maximums for financial institutions in this state. John puts them in an interesting problem. He says, give us the right to regulate in Section 10 and in return we will give you no state interest rates. Kind of puts them on the spot. The banks actually want perhaps the bill to fail so that they will go under the federal rules where there will be no interest rates and the State of Nebraska can never get back into the business of interest rates. So actually they don't want Section 10. They are willing to let the bill fail so that the feds will be able to tell us we can't regulate interest rates. The financial institutions on the other hand say, some of them, S & Ls and others say, that is all

right, we will continue the power of the state to regulate interest rates but we just won't have them set any rates. The only way for this Legislature to control interest rates now and in the future is to pass Section 10 of this bill, and that is all. If you do anything else, if you pass the rest of them, if you adopt the committee amendments as they are written and pass the bill along, we keep the right to control interest rates but we just refuse to exercise that right. And what is the policy on interest rates in this state? We last year raised the interest rates. We said, you are right, the usury rate has been too low, the money market obviously is higher than our rates, we don't want capital to flow out of Nebraska, we will raise our rates so that we don't inhibit the commodity price of money in Nebraska. We took a reasonable stance. We forestalled financial disaster. Loans are now being made. The prime rate has gone down several percentage points since those days. The prime rate was 20. There are places where it is 15. That interest rate drop has removed that crisis situation from last year and we are still in the business of creating maximums. Those maximums are higher than the loans that are being given for the most part. But they exist and we continue to have the power to say, beyond this level it is unfair, it is unconscionable, a loan can't be written. This is my argument on LB 623. If we were talking about banks, S & Ls, and we were taking off the usury rates on them, I would buy the package. Fair enough. Money is a commodity. It's price is set in the marketplace. They do compete and fight with each other day in day out and try to give their lenders the best possible borrowing rate. However, can you also say that for credit unions? Can you also say that for the credit on your retail purchases? How many of you choose between Brandeis and Gimbles, or Target, or Magees, or Hovland-Swanson's based on their credit package? How many even know what is in their credit package? I don't think very many people. If anything, those people do not compete on the credit side of the ledger. They do compete on the price of the goods, the clothes, the furniture, but not on the credit packages. In 1965 we passed revolving credit. We set a statutory maximum of 18 percent. Money was at 6 percent at that time and every store in this state charged 18 percent. That hasn't changed in 15 years. And what this bill says is, we are not going to put any limit on it, 18 percent or not. We are going to take it off. Magees can charge 24 percent. Brandeis can charge 30 percent. Target, Gimbles, whoever want to can charge as high as they want. The sky is the limit. I don't think that is a competitive rate. I think that is

a place where the statutes have a valuable rule to play. What about small loans? Are those the kinds of people who bargain, who understand the marketplace, who are sophisticated borrowers and can compete? No. That is why they are going to small loan houses. That is why they are going to those institutions because they are not very competitive borrowers. They represent a higher risk. That risk is reflected in the higher interest rates they pay. The small loan industry came about to put an end to loan sharking. LB 623 says the loan sharks are back in business. The problem with this bill is it mixes competitive rates with non-competitive rates and it treats them all alike. It says banks are no different than credit unions. S & Ls are no different than small loan finances, that revolving credit is no different than an installment loan, that every kind of financial transaction in this state is set in the marketplace. I don't believe that. Some of them are, some of them aren't. Our power to regulate which of those are covered by state law is contained in Section 10. We need that power. It should be excised from 623 and the rest of the bill which treats apples and oranges alike should be killed. If there are adjustments in interest rates, they should be passed individually. We have got Bob Clark's small loan interest rate bill. It raises the rate for small loan industry lenders. They deserve it. I have heard the public hearing. I have heard the testimony. They are in trouble. We need to react. The Legislature is prepared to react. However, I don't think the appropriate reaction is to say, the sky is the limit. There is no point beyond which it is unreasonable or unconscionable for a lender to go. LB 623 is a dangerous instrument in that part of it is very sensible, part of it represents a good philosophy, but in the name of that good philosophy and that good policy they sneak a lot of people through the back door. Take a look at the people who testified at the committee. Run down the list....

SENATOR CLARK: You have one minute left.

SENATOR LANDIS: Thank you, Bob. Three kinds of institutions were covered and yet nine different rates are taken off the books. The banks weren't there. The credit unions weren't there, but their rates are taken off by this bill. They didn't demand it. Only the people that that policy makes sense for showed up. And for the ones who might be put in an embarrassing position to justify themselves, I don't they showed up. 623 is overbroad, should be pared down to the minimum, and the

minimum is Section 10. That is why I urge the rejection of the committee amendments and then the adoption of Section 10. To do so leaves us LB 623 with only one concept, the concept that the State of Nebraska can regulate interest rates inside its borders for state chartered institutions. I hope the rest of the Legislature agrees with me. Thank you.

SENATOR CLARK: Your time is up. Thank you. I would like to announce that Steve Grasz from Chappell, Nebraska is under the south balcony. He is a guest of Senator Haberman. Will you stand and be recognized please. Welcome to the Legislature. Now we are talking on the amendment to the amendment. Senator Burrows, did you want to talk on the amendment to the amendment?

SENATOR BURROWS: Yes, Mr. Speaker. I strongly urge the body to support and pass the Landis amendment. This amendment is the answer. Part of Senator DeCamp's proposal to retain control over interest rates in the State of Nebraska has merit, but the rest of the bill is one of the most usurious pieces of legislation that have hit this floor. I would like to bring up an example as far as what our usury rates and the errors we have made already that came to me. At a meeting this fall a farmer brought in a Sperry-New Holland contract on machine sales in the State of Nebraska, and on the back of that contract it had 18 percent interest for all states, except, and then it had four or five exceptions. Several of these were 12 percent. Those states had financing on that farm equipment at 12 percent where they had retained the 12 percent usury limit on machine sales in that state. It did not stop the national manufacturer from selling machinery in the state. It just left the states like Nebraska that were already at 18 percent subsidizing the 12 percent interest rates in those states where they had lower usury rates. If we move off and blow the usury system in the State of Nebraska with the present national interest policies, we are going to shove and balloon the most serious problem our state is facing today which is being put on us by the national policies of high interest rates. We have a homebuilding industry right now that is practically out of business because of high interest rates. Agriculture is in serious problems. We have hundreds of farmers that are being squeezed out because their interest bill is more than they are taking in and leaving them with no profit when they add the other expenses and that interest bill. Now we are not having the forced sales in agriculture like we had in the 1930s. What the

banks, the FHA and production credit are doing, they are calling in the sale money from the farmer when it comes when he sells his grain, his cattle, his hogs, and applying that to the loan and not setting him up with any or enough money to operate the upcoming year. It is a squeeze-out. It is a sophisticated sell-out system we have out on our farm loans this year. But to say they are not closing the farmers out in this state is a really piece of folly. It is a squeeze-out instead of a sell-out where they call it in and set up the auction and sell it for him. He has to sell it out on his own and we have a good many hundred of these situations. A lot of them are large operations. We need to adjust some interest rates, I feel this year in our usury rates. But to blow the roof off of it that we cannot afford as a state. If our national interest goes on up, at least we can hold under it a little way in the State of Nebraska. And I urge the body to support the Dave Landis amendment which gets the meat of what John DeCamp wants to do. It is really difficult to put a kill motion on the bill because part of it we need, but is the greatest mistake that we could make in this session to take off and clean off the usury rates and assume that these small loan packages are going to be dealt with equitably from the generosity of those lenders. I urge the body to adopt the Dave Landis amendment. Thank you.

SENATOR CLARK: Senator Schmit. Is Senator Schmit in the room?

SENATOR SCHMIT: Mr. President, are we speaking on the Landis, or on....

SENATOR CLARK: The amendment to the amendments. Senator Landis' amendment to the amendment.

SENATOR SCHMIT: Mr. President and members of the Legislature, several years ago on the discussion of interest rates I rose and offered an amendment that would strike all usury limitations and we I believe acquired around 22 votes and the amendment was never lobbied. But I believe that that vote represented some of the concerns and some of the demonstrations of members of this body to the fact that the present usury limits are not effective. I am not exactly sure what Senator Landis' amendment will do. But I want to just point out that as Senator DeCamp has said in the past that the usury limits have become something with which to shoot and they have not really become a limitation because there are so many

ways to get around them. For all practical purposes, there are no usury limitations in the State of Nebraska today on interest rates, and I don't care what kind of a loan you try to obtain, if you go after a loan on a home, they use the point system and they have built in some cost there. We are going to have an extremely difficult time in Nebraska in the future if we do not do something about the cost of money. But I would just like to point out one other thing about usury limits insofar as artificial establishment of floors or ceiling is concerned. A few years ago how many of us ever knew or heard of the prime rate impact upon local lending rates? The prime rate was something that was set back in the east, New York, or some other place, impacted upon a few of the larger banks and that was it. All of a sudden now we have an active Chairman of the Federal Reserve, Mr. Volker has decided he is going to do two things. He is going to tighten the money supply, or control the money supply and you never know from week to week what he is going to do with it. One week it is up. One week it is down. The prime rate was coming down and all of a sudden the prime rate begins to go up again, and what has happened? Almost without exception the local banks who never used to pay much attention to prime have snuggled up to the prime rate and they are either a little above or a little below but they have found a comfortable bend mark. You don't have to worry about the demand for money. You don't have to worry about the supply of money because regardless of what you do, you know you can always peddle your excess money to the federal government and get a healthy return on it, but the prime has become a kind of bend mark which many people shoot for. It is ironic that at a time when the savings and loans are in extremely serious financial condition as are some of your insurance companies because of long range loans, we find the banks have had the best year they have ever had. A number of bankers have told me that right now they ought to lower their interest rate 2...2½ percent but because of their colleagues' position, because no one wants to lead the pack, they maintain those rates at the present levels. A banker friend of mine is a farmer and he owns a principal interest in a substantial bank, has actually written me some proposals relative to issues which are so radical as to defy belief. He has written to me and he has laid out for me a plan. He said, we ought to confiscate all interest payments in excess of 10 percent and to make the bankers send them back to the...apply them to the Social Security fund, and you would see interest rates drop drastically and dramatically because none of us would send more than one check

back to the Social Security fund to the federal government. Now that is not me saying that, that is a man who owns a controlling interest in a bank. He is also a substantial farmer. But he said we are going to continue this....

SENATOR CLARK: You have one minute left.

SENATOR SCHMIT:we are going to continue these insane interest rates until someone does something radical to change the system, and if we are not careful we will break every business in the country and the banks will have all the money. That is a banker speaking. The banker acknowledges the problems with the present system. Now Senator Warner has a saying that says, if the machinery is working, don't fix it. The reverse of that is also true. If the machinery is not working, maybe you ought to fix it. What Senator DeCamp is proposing may not work, but we know another thing, the present system isn't working either. I am going to get more information on the Landis amendment. I would suggest you listen very carefully to his proposed amendment to the DeCamp proposal because I think something needs to be done if we are going to get interest rates back to where the economy can get moving again.

SENATOR CLARK: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, Senator DeCamp indicates that we have discussed interest virtually every session during the past four years and he is absolutely right. And I know the reason why this body has had such a lively interest in our interest rate discussions. It is very simple. We all recognize what interest does to an individual. I can go and work an eight hour day on a factory line and I will be paid for my work. If I am a farmer, I can go work a twelve or fourteen hour day in the fields and eventually I will reap the benefits of my labor through the crops that I sell. But interest works all the time. It works while I am sleeping. It works while I am at church. And what it is always doing is it is inexorably taking from me the fruits of my labor. It is taking out of my pocket the monies that I have earned through my own labor, and that is the story of interest. And because all of us know that, we know the constant price that interest exacts of all of us. We are extraordinarily cautious about the way we set our usury ceilings. Now what we have in front of us today is a simple question. Are we going to become

economic nationalists, or economic federalists? We become economic nationalists if we allow the federal government to set our policies with respect to interest, and that means we become economic nationalists if we decline to opt out of the federal system. We become economic federalists when we opt out of the federal system saying simply, we, in the State of Nebraska, are going to do with our interest rates what we think is just and appropriate for our consumer borrowers, for our agricultural borrowers, and for our business borrowers, and for our home borrowers. Now it strikes me that we need to be economic federalists. We need very simply to say as this state has traditionally said year in and year out that it is we in our state who will control as best we can the ultimate price that can be exacted for the lending of capital. So I would definitely recommend the retention of Section 10 of LB 623. Now when it comes to the rest of the sections, the ones that Senator Landis wishes to amend out of the committee amendment, those sections which say simply that whatever the rate of interest is for any kind of transaction occurring in this state, that rate of interest will be a rate of interest negotiated between the borrower and the lender. I am totally and absolutely sympathetic with permitting negotiated rates on those transactions where the level of sophistication between the borrower and the lender is essentially equal. And what kind of transactions are those? Those clearly are business transactions and they may well be some agricultural transactions. On the other hand, when I know that there are consumers, there are people who lack the sophistication in terms of being able to negotiate an appropriate rate of interest for their necessity of money, of capital, if you will, it seems to me that this state has an obligation to at least set some ceilings beyond which we will not permit our lenders to go. Given that policy of myself, I would recommend that we go ahead and adopt the Landis amendment. That then preserves for this state the policy of economic federalism, not nationalism. Secondly, I would think that we would then want to go and further amend the bill by saying, in some kinds of transactions there shall be usury ceilings, but for other transactions a negotiated rate shall apply.

SENATOR CLARK: You have one minute left.

SENATOR V. JOHNSON: Those transactions would be basic commercial and business transactions and some agricultural transactions that effectively are business transactions. But with respect to consumer transactions, I do

February 4, 1982

LB 623

believe we need to set a ceiling beyond which we will not allow our lenders to go.

SENATOR CLARK: It is the Chair's privilege to present to you the Reverend J. Andrew Thompson from Corinth Baptist Church in Omaha, the Reverend Horace McMillan from the Pleasant Green Baptist Church in Omaha. They are guests of Senator Newell. Will you stand and be recognized? Under the south balcony is Kay Cattle from Wayne, a guest of Senator VonMinden from District 17. Would you stand and be recognized? Welcome to all of you to the Legislature. The next speaker is Senator DeCamp.

SENATOR DeCAMP: I will yield my time to Senator Peterson.

SENATOR CLARK: You wanted to yield to who, to Howard, all right.

SENATOR H. PETERSON: Mr. Chairman and members of the Legislature, I just believe there is an awful lot of misinformation on what causes interest rates and how they are arrived at. It is the cost of money that causes the price of interest. We need to recognize that the only way we can attract money in this state and keep it in this state is to keep the interest rates competitively across the whole United States. You just don't seem to realize that if you want to look at the problem and you want to look at the federal reserve, you want to do something about interest rates, let's get Congress to do away with the federal reserve. That is the only way you are going to do anything about the interest rates. You are not going to do it in this Legislature. The only thing I would say is that the free market, if you let the banks compete with the savings and loans, and that is what is happening now, or if you let the savings and loans and the banks compete with the credit unions, which is happening now, if you turn them all loose, and, Vard, if a consumer isn't smart enough to go to all three places and see what kind of a price they can get for interest, that is really what you are doing is setting a price, if they aren't smart enough to go and see what competition is like, they are not very smart. I just think it is a crying shame for us to stand here and argue about interest rates and drive money out of this state. Most of you apparently didn't listen to Senator Clark. If you want to look at the record, see how many of the small loan companies have left Nebraska. Why did they leave? Because they couldn't

February 4, 1982

LB 623

get enough money for their interest rates in this state. So who suffered? The consumer suffered because there wasn't any money available for them to buy the things they wanted to buy. I think we have just got to be realistic about what the costs of money are, and for that reason I would support DeCamp and I would certainly oppose Landis' amendment.

SENATOR CLARK: Senator Higgins.

SENATOR HIGGINS: Mr. President, Senators, I just want to speak to you in layman's terms because as I told them in the Urban Affairs Committee yesterday, my education on high finance ceased the day I learned to play Monopoly. But I want you to know right now, do what you want with this but I want to point something out about interest rates today. We called a finance company here in Omaha. If you borrow a thousand dollars today from a small finance company or loan company, your payments will only be \$44 a month, your interest \$460.58. You divide that by the three years and you have actually paid for eleven and a half months nothing but interest on a three year loan. Darn near one year of that three year loan you are paying interest. On a two year loan five months is interest only. I don't know yet how I am going to vote on this bill. But for those of you that understand high finance and interest rates, I think this is interesting. These poor fellows are really hurting that they are only going to get one year's interest on a three year loan. Thank you.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Mr. President, I would like to call the question.

SENATOR CLARK: You were the last speaker. Senator Landis, you may close.

SENATOR LANDIS: Thank you. I am sorry that the amendment does not appear before you but for those of you again who want to know what this amendment does, turn in your bill books to page 8 of the white copy of LB 623, the white copy of the committee amendments. It is the whole new bill. My amendment says everything in that white copy is struck except the new language on page 8 and that language is exercising our right to tell the federal government that we will continue to set usury rates and interest rate limits in the State of Nebraska for state chartered institutions. Now why do I do that?

Well, there is a mental disease called schizophrenia. It means having multiple personalities, and LB 623 in the green copy or the white copy is a schizophrenic bill, and my amendment is just simple mental health for LB 623. 623 right now says, the state will continue to exercise authority and we are going to exercise that authority by saying there are no interest rate maximums. You can't have it both ways. That really isn't a sensible policy. If the state wants the power to control interest rates, it should exercise that control. And LB 623 says, we will exercise that control and will do so by not exercising any control. The amendment to 623 says only one thing. It destroys that schizophrenic approach and says, we will continue with our present policy of regulating interest rates inside our borders. Let me respond to the argument that Senator Peterson raised as far as the cost of money. I acknowledge that he is right in lots of situations. I acknowledge that last year our interest rates were set at a rate that could not be...that could not justify a cost of money loan and that is why we were in the bad shape we were in. We raised our rates. We responded to it. The crisis is over. There are in LB 623 noncompetitive rates where the cost of money doesn't make a damn bit of difference, and let me give you an example for those who weren't listening the first time. In 1965 the prime rate was 6 percent. You could get a mortgage for 7 percent. You could buy on installment contracts at a low amount. Revolving credit went in at a statutory maximum of 18 percent and that is what was charged across this state. That is not a competitive rate. You don't see institutions saying, come to us, we will charge you 16 percent, or come to us, we will charge you 14 percent. You don't see that because there is no competition on revolving credit. There is no competition in the small loan industry for the most part. There is certainly no competition for credit unions. The cost of money is irrelevancy. The statutory maximum is what sets the rate there, and that is simply because the unlimited desire for money does not go checked by the hidden hand of Adam Smith's free market enterprise system, and the only hand that controls it is the state's hand of a statutory interest maximum.

SENATOR CLARK: You have one minute.

SENATOR LANDIS: I urge the body to accept this amendment. Now, let me also indicate I am willing to negotiate on those areas that we can all agree that the marketplace sets the rates. Perhaps their mortgages rates, perhaps their

February 4, 1982

LB 623

agricultural loans, we can exempt them out and set no limit. But let's not throw out the purpose that we have always had of controlling noncompetitive market rates such as the credit unions, such as small loans, such as revolving credit. We should continue to exercise authority and we won't do so if we adopt the committee amendments and pass LB 623. That is the reason for the amendment. I urge its adoption.

SENATOR CLARK: The question before the House is the adoption of the Landis amendment. I hope you will pay attention to those. All you have to have is a simple majority to do this. All those vote who wish to vote.

CLERK: Senator Clark voting no.

SENATOR CLARK: Have you all voted? Have you all voted? A Call of the House has been requested. All those in favor of a Call of the House will vote aye, opposed vote nay. Record the vote.

CLERK: 14 ayes, 1 nay to go under Call, Mr. President.

SENATOR CLARK: The House is under Call. All unauthorized personnel will leave the floor. All Senators will please check in. Will you all check in, please. We only have two excused. Senator VonMinden. Senator Newell, will you tell us you are here, please? Senator Cope. We have got Senator Hoagland and Senator Chambers yet. We will have the Clerk read the amendment again before we vote on this. All Senators are to be in their seats, please. Looking for Senator Chambers and Senator Hoagland. Senator Landis, do you want to go with the roll call? That is all right, we will reverse the order. The Clerk will call the roll and please be quiet so he can hear the response.

CLERK: (Read the roll call vote as found on page 559 of the Legislative Journal). 21 ayes, 25 nays, Mr. President.

SENATOR CLARK: The motion lost. Senator DeCamp. We have another amendment to your amendment yet.

CLERK: Mr. President, Senator Kilgarin....

SENATOR CLARK: We will attempt to take that up right now. I don't think we will ever complete it.

CLERK: Senator Kilgarin would move to amend the committee

February 4, 1982

LB 623

amendments. I believe copies have been handed out, Mr. President.

SENATOR CLARK: Senator Kilgarrin.

SENATOR KILGARIN: Mr. Speaker, at the late hour, what is your pleasure? Do you want to go ahead with this amendment?

SENATOR CLARK: We are going to attempt to. I don't know whether we can complete it or not.

SENATOR KILGARIN: Okay, I will give you a quick rundown. I am sorry, I did put my name on the amendment that I handed out but it didn't copy very well. So the amendment on your desk is my amendment. Essentially, what this does is it retains the state's right to establish the interest rate, so it keeps the Section 10 that we are all concerned about. If you turn to page 8....

SENATOR CLARK: The Call is raised.

SENATOR KILGARIN: If you turn to page 8 of the committee amendment, in (c) Section 10, one thing that it does do that I think is important to set intent...legislative intent into law, is that it does strike in lines 16 and 17, it says, "The State of Nebraska elects to retain the power to establish or not establish usury limits provided under the Nebraska statutes". What the amendment does is it strikes "or not establish". In other words, the amendment says we will establish usury limits. With the new federalism we are talking about state's rights and that is what this...that is what the public law said when they passed it in Congress back in 1980. They said they will leave it up to the states. If they want to go under federal law, they can. If they want to set their own usury limits, they may also do that. I believe as I think most of the members of this Legislature believe that we should retain that power and authority and responsibility to set the usury limits. The other thing the amendment does besides keeping the authority in the state's hands to set usury limits is that it raises the current rate from 16 to 19 recognizing that the marketplace shows that there is a need for an increase in the interest rates, that 16 percent probably and unfortunately is not a realistic figure to be dealing with. So what this is is kind of a compromise amendment. It will keep the state's option where we can set the usury limits. We will raise it from 16 to 19 percent on the usury limit and hopefully that will solve some of the problems. As

Senator DeCamp mentioned earlier, there are some technical problems with the bill that need to be corrected on Select File and I would be happy to work with him on those. By raising it from 16 to 19 percent, I think we are looking at a reasonable solution to something that I think could get a little bit out of hand if we just totally do away with all usury limits. This way the state retains that right but we are being realistic in saying 16 is a little too low unfortunately, so let's raise it to 19. I would urge your support and ask you to adopt this amendment to the committee amendment.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, I know Senator Kilgarin is most sincere but let me just say this. I, personally, would have to say if you adopted the amendment we would be better as a state just throwing in the towel and saying, okay, feds you take it over. And Karen that is not said critically. It is said because in this area of interest rates, you have now said 19 is somehow the magic figure across the board, and so those....Kilgarin's amendment is not acceptable, it will cause tremendous pro....yes, I know that. Anyway, those that should be loaning at well below 19 now have their new magic target yes, it's got them all excited. Karen, you have done that, you have got their attention. Those that are lower would come up to it and those that are in here screaming for another bill that is here wanting 24 percent would be wiped out. That is why I say this is a complicated area. I think if you did want to guarantee you would have it taken over by the feds and you would have the various interests that are now ignoring this bill, so to speak, you would get their attention because, as I say, the ones who are really hurting probably would say this is fatal to them and the ones that aren't hurting because they have got their various federal things now would say, hey, this ain't too bad a deal, we can increase rates, we have got a new target to shoot for. But that is not to say I don't realize you are trying to work out a reasonable compromise, but in this area sometimes just picking numbers isn't the magic solution. So I reluctantly would urge you to reject the amendment and I would suggest that we advance the bill, and I know that is pushing it a little, and I will sit down with Senator Landis and some of the others and see if there is some way to keep some special type controls as they want in some very limited consumer oriented areas, small loans and so on and so forth. But I really wish

February 4, 1982

LB 240, 609, 623,
631, 654, 902

once and for all we would do two things this year, keep our state control which you have' d with legislation if you are going to do anything. You are not going to have it otherwise. It is going to be lost, number one, if you don't pass the bill. And, number two, get it simplified in this usury rates to where at least we can kind of understand it from year to year. That is about it. I urge you to reject the amendment and that is it.

SENATOR CLARK: There is no way we can finish this amendment. We have got four more lights on up here. Senator Marsh, would you like to adjourn us until nine o'clock tomorrow morning? After he....

SENATOR MARSH: After he reads in?

SENATOR CLARK: After he reads in.

CLERK: Mr. President, Banking, Commerce and Insurance will hold an Exec Session in Senator DeCamp's office today at noon.

Your committee on Retirement Systems whose Chairman is Senator Fowler reports 609 advanced to General File with committee amendments attached; 902 advanced to General File; and 240 advanced to General File with amendments. Those are signed by Senator Fowler. (See pages 560 and 570 of the Legislative Journal).

Your Enrolling Clerk has presented to the Governor the bills that were read on Final Reading yesterday, Mr. President.

Senator Fowler would like to print amendments to LB 631. (See page 561 of the Journal.)

Senator Lamb would like to print amendments to LB 654 in the Journal. (See page 561 of the Journal).

Mr. President, Senator Wesely asks unanimous consent to add his name to the Wiitala motion previously filed today. (See page 561 of the Journal).

SENATOR CLARK: Senator Marsh.

SENATOR MARSH: Mr. Chairman, I move we recess until 9:00 a.m. on February 5th.

SENATOR CLARK: We have to adjourn.

February 8, 1982

LB 635, 623, 644, 739,
742, 852

you please record your presence? Senator Von Minden, will
you please record your presence? Senator Haberman, will
you please record your presence? Senator Higgins, will
you please record your presence? Now the Clerk will read
some items in.

CLERK: Mr. President, while we are waiting, your committee
on Revenue gives notice of hearing in Room 1520 for
February 16, 17, 22, 23, and 24.

Your committee on Public Works whose Chairman is Senator
Kremer reports 644 to General File; 739 General File;
742 General File; 852 General File with amendments.

SPEAKER MARVEL: Senator Kahle, we are down to Senator
Beutler and he is on his way. Do you want to start the
roll call? If you will check with item #4 on the agenda,
you will find the motion. It has to do with LB 635.
Call the roll.

CLERK: (Roll call vote taken. See pages 583 and 584,
Legislative Journal.) 20 ayes, 24 nays, Mr. President.

SPEAKER MARVEL: The Call has been raised. Motion lost.

SENATOR CLARK PRESIDING

SENATOR CLARK: We are ready for item #5, General File,
LB 623.

CLERK: Mr. President, LB 623 (read title). The bill was
read on January 6th of the year, referred to the Banking
Committee for public hearing. The bill was advanced to
General File, Mr. President, with committee amendments
attached. I believe you will find the committee amendments
in your bill books. It is request #2565. The Legislature
considered the bill, Mr. President, on February 4 of this
year. At that time Senator Kilgarin had an amendment pending
to the committee amendments. Senator Kilgarin's amendment
is on page 559 and 560 of the Legislative Journal.

SENATOR CLARK: Senator Kilgarin.

SENATOR KILGARIN: I yield to Senator DeCamp.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature,
over the weekend, I tried to get together everybody who
in any way remotely is affected by the legislation including,

February 8, 1982

LB 623, 606

well, just about everybody and I think we are within a hair-breadth of coming up with a settlement on the whole bill, one that would be acceptable and try some of the concepts of the bill. So I would ask to pass over until that amendment can be brought up here and everybody in the body can be contacted and that way we won't spend four or five hours. It will either have the votes or it won't. It will either be agreed upon or it won't.

SENATOR CLARK: Will that be brought up this morning?

SENATOR CLARK: I don't know if they can get it ready this morning. It is kind of up to the bill drafter. Why don't we wait until tomorrow?

SENATOR CLARK: All right, we will pass over the bill. LB 606.

CLERK: Mr. President, LB 606 (read title). The bill was read on January 6 of this year, referred to the Public Health and Welfare Committee for hearing. The bill was advanced to General File, Mr. President. I have no amendments on the bill.

SENATOR CLARK: Senator Kremer.

SENATOR KREMER: Mr. Chairman, LB 606 is quite a simple bill. Several years ago we passed legislation to allow the sale of funeral arrangements and services prior to the death of a person and those monies derived thereby were to be put into a trust fund and it was quite uncertain if or not these trust funds could be audited by the Department of Health so it is simply saying all this bill does is it provides for an audit to clear up the question whether or not they have the right to audit these trust funds, and they should be. If the word in there is "may", that they "shall", it does give the right if there is a challenge of any kind or there is a question, it will allow the Department of Health to audit these trust funds. I move that the bill be advanced to E & R Initial.

SENATOR CLARK: Senator Rumery.

SENATOR RUMERY: Mr. President, members of the Legislature, I would like to ask Senator Kremer a question or two.

SENATOR CLARK: Senator Kremer, will you yield?

SENATOR KREMER: Yes, sir.

February 9, 1982

LR 218
LB 623

this bill, this resolution to the Executive Board for referral for a hearing?

SENATOR DeCAMP: Don't wait too long.

SENATOR NICHOL: Okay, seeing none, that will be the action taken.

SENATOR DeCAMP: Good.

SENATOR NICHOL: We will move on to General File, LB 623. Senator DeCamp. We are on 623 to eliminate the maximum interest rate. Mr. Clerk.

CLERK: LB 623. We considered it yesterday, Mr. President. I believe we have pending an amendment offered by Senator Kilgarin.

SENATOR NICHOL: Senator Kilgarin.

SENATOR KILGARIN: Yes. I would ask unanimous consent to withdraw that amendment.

SENATOR NICHOL: Any objections? If not, it is withdrawn.

CLERK: Mr. President, in that event I have a motion to indefinitely postpone offered by Senator Landis. That would lay the bill over unless the introducer agrees to take it up at this time, Mr. President.

SENATOR NICHOL: Senator Landis.

SENATOR LANDIS: Mr. Speaker and members of the Legislature, some very intensive discussions have been going on with all interested parties since we last discussed LB 623, and my objections to the bill have been completely satisfied. You will find that in the event we get to talk about an amendment that Senator DeCamp will offer, that the bill will be narrowed tremendously, that portions of it will be sent back to the Banking Committee for a hearing, portions of it will be dropped and only the preemption theory, the exercising of state authority to control interest rates and a limited number of interest rates will be covered by that amendment. Therefore, I would move or ask to withdraw my kill motion to LB 623.

SENATOR NICHOL: Is there any objection to the withdrawal of the kill motion? If not, it is withdrawn.

February 9, 1982

LB 623

CLERK: Mr. President, the next motion I have is a motion to indefinitely postpone offered by Senator Burrows.

SENATOR NICHOL: Is Senator Burrows in the Chamber? Senator Burrows, we are on your kill motion on LB 623.

SENATOR BURROWS: Mr. Chairman and members of the body, I move to indefinitely postpone LB 623. This bill in its present form is going to take the usury rates off all agriculture and home loans. I think the situation in rural America and in the cities both with the high interest rates already shutting off the homebuilding industry and a situation where in agriculture we have more people worried about having an income at the end of the year than income tax, that to push the interest lid off at this time and completely eliminate the usury rate would be one of the most deplorable moves this Legislature could make. Yesterday down in Revenue from a banking organization the argument was presented that if a surtax was placed on intangible income that this would reflect in higher interest rates. Now this creates a direct conflict, this argument is in direct conflict by the bankers that they are competitive. If they are competitive, they could not push on a tax increase on their income tax or intangible income surtax, and on this bill the arguments will be presented, the competition will rule that interest rates will be held in line. I think the banking organization should be held accountable on this direct conflict of interest. If they can absorb and push on in interest cost they are not competitive and they argued this yesterday in the Revenue hearing, and today I am sure you will hear the arguments that competitive forces will prevail and that they will not force higher interest rates if relieved of all interest ceilings. Thank you.

SENATOR NICHOL: Senator DeCamp.

SENATOR DeCAMP: Well, Mr. President, we are on Senator Burrows' kill motion? Senator Burrows, did you get a chance to talk to Senator Landis or go over the amendments we have come up with in the various things we have talked about? I know you were out of the room. Did you get a chance to do any of that?

SENATOR BURROWS: I did go over the amendments. Are they adopted now?

SENATOR DeCAMP: No, no, we haven't even gotten to them

February 9, 1982

LB 623

yet because we have got your kill motion.

SENATOR BURROWS: Okay, I will bring up...I know what the amendments do, I think when they are coming, I think they restrict it. The agreed to amendments would take the lid off all agricultural loans and homebuilding loans. Am I correct on this?

SENATOR DeCAMP: That is pretty close, right.

SENATOR BURROWS: I think that still....

SENATOR DeCAMP: It does more than that actually.

SENATOR BURROWS:doesn't change the bill much, it just makes an extremely bad bill a little less bad. Thank you.

SENATOR DeCAMP: Okay, let me throw out a wild idea. Would you want to see whether the amendments go and then put your kill motion up, or do you want to go with the kill motion now? We are just trying in the interest of time here to figure out which is most convenient for you.

SENATOR BURROWS: That makes no difference to me, if....

SENATOR DeCAMP: Well, then why don't we just withdraw the kill motion now and we will try to put the amendments on and then you can throw another shot at killing. How does that sound? What I am trying to do is con you out of trying to kill now so we can proceed and then try to kill it later.

SENATOR BURROWS: Okay.

SENATOR DeCAMP: Good man.

SENATOR NICHOL: Senator Burrows, you are withdrawing your motion then?

SENATOR BURROWS: Yes, I will be courteous to Senator DeCamp and withdraw the motion temporarily and place it on after the amendments are adopted.

SENATOR NICHOL: Are there any objections to the withdrawal of the kill motion? If not, it is withdrawn. So now we are back to the amendments, I assume, Mr. Clerk. Is this correct.

CLERK: Mr. President, we have committee amendments

February 9, 1982

LB 623

pending.

SENATOR DeCAMP: Mr. President, in order to once again save a bundle of time, I would ask to withdraw the committee amendments. Now we have checked with committee members and the various people affected and the reason we are doing this is because the agreed upon proposal, at least agreed upon by a substantial number of people that are familiar with this issue and have been involved in it, the agreed upon amendments would come second to that. So I would ask unanimous consent to withdraw the committee amendments.

SENATOR NICHOL: Is there any objection to withdrawing the committee amendments? If not, so ordered. The committee amendments are withdrawn now and are there other amendments?

CLERK: Mr. President, I now have an amendment from Senator DeCamp.

SENATOR NICHOL: Senator DeCamp.

SENATOR DeCAMP: Okay. Now I am going to read you a paper and the reason I am reading it is so I don't leave something out and I have tried to put down on paper exactly what these amendments do. After the discussions involving Senator Landis last Friday, other members here, I have asked all the interested parties to draft amendments to LB 623 that would reflect some of the positions on the usury rate system that could be accepted by a majority of the Legislature, or that I believe can be accepted. The amendment that I am offering here has recently been placed on your desk, and I will tell you how recently...it's being done now. The first one you have got, ignore. There are some additional words that make a technical correction on the second sheet she is handing out, so ignore sheet number one and deal with sheet number two. Okay. Briefly the amendments do this, from the original bill they remove the usury exemptions on the small loan companies. Okay, small loan companies let you deal with that in a separate bill. Senator Clark has got one. You will take that up separately, and they are going to be considered either today or later, I would guess, probably later because it is 11:42. It also removes revolving charge sections, time sale and installment loan sections and the bank installment loan section, credit card sections, credit union sections, open account sections in the sunset provisions. Okay, what are these various things? They are the various lenders

that we squabble about on whether the interest rates should be 18 or 19 or 20 or 21, small loan companies which we're going to fight about here a little later, credit cards, we're not dealing with those. What we are doing with the legislation then is dealing with the bulk, the vast bulk of financing that occurs in this state or almost any other state. So if my amendments are adopted, the bill will retain the state override of the federal usury preemption set forth in public law 96-221. What was that? Remember I said, unless this state takes affirmative action, unless we pass a law, it is all out of our hands. These rates are gone, and our control as a Legislature is gone forever, theoretically, unless we act and pass a law and say, no, we are affirmatively saying we want to keep control over usury rates in the state. Okay, so it says we are doing that. It also then is going to exempt from usury limitations, and let there be no kidding about this, loans made primarily for business or agricultural purposes and loans secured by mortgages on real estate. These were the three principal areas covered by the federal preemptions. The bill as amended would not affect usury limitations on all other types of what we typically call consumer lending which will be retained in the law, credit cards, charge accounts at the store, open-end credit, small loans, those credit cards like Gulf Oil, that kind of stuff. Those kind of things still contain or retain control of by other laws. Now you will recall that some of the various consumer lenders had indicated distress within their various institutions. Example, your retail merchants. I have asked my committee, as Senator Landis suggested, or as he mentioned a minute ago, to set a special hearing at which time the interested parties may appear and present whatever evidence they feel appropriate and in the best interests of the State of Nebraska. So those people that claim they need relief, Fred Stone, and his group, the retail merchants and some of those other people, they can come, and if they have got a heck of a case and can present it, why then we will have a separate bill that makes adjustments there. So then the bill does basically two things quite similar to the same things that it originally set out to do, one, identical to what it originally set out to do, it retains state control for the future by taking affirmative action and passing a law of the issue of usury rates. Number two, it then says our usury rate, if you want to use that word, for primarily business and agricultural loans is going to be whatever is negotiated in a contract between the lender and the borrower. And that is about what the amendments do. I guess I would

urge your adoption. I think they are pretty well agreed upon by the various people that have an interest with the possible exception of Senator Burrows who has his own reservations. But let me point out...let me point out, whereas it might be argued, it might be said well, look, you are removing the rate. My answer to you is, you have got a false notion now if you think that rate is there. That rate has been removed by the feds. We are retaining control and at least for the present time keeping that same policy of letting the rate be negotiated. I urge your adoption.

SENATOR NICHOL: We are now on the DeCamp amendment. Senator Landis.

SENATOR LANDIS: Mr. Speaker and members of the Legislature, having been a party and an architect of this language, I, too, want to indicate that I support the amendment before us. It applies at my suggestion only to regulated lenders, and that is what that language at the bottom has been added for. It covers the same loan purposes for which federal rates now control anyway, and most specifically this amendment honors the arguments that were made here previously on LB 623 that rates which are set in the marketplace have every right to be determined there, absent statutory maximums. These are rates that are set in the marketplace and as Senator Peterson and Senator Johnson on that day argued, these kinds of loans need not have usury rate maximums because competition will take care of that. What has been struck from the bill are those kinds of rates which are not set on the marketplace. The Banking Committee will undertake a hearing on those and in the event changes are necessary for businesses throughout Nebraska, those changes will come back in the form of a different bill yet this session after a public hearing. I would suggest that those of you concerned about reasonable business regulation and an appropriate response to the situation we have now on federal preemption of state authority vote to support this amendment and thereafter vote to support LB 623.

SENATOR NICHOL: Senator Burrows.

SENATOR BURROWS: Mr. Chairman and members of the body, this bill started out on the premise that we had to pass a bill to preempt the federal government from taking over the interest regulation in the state. It started out to be a bill that would really eliminate all regulation of interest. But the spoof of the whole

February 9, 1982

LB 623

thing is, and I passed a handout the other day on your desk, is that the federal preempt doesn't require us to pass legislation until March of 1983. We don't have to do a thing on this issue this year. We would have to act in January or February with another session and there is plenty of time. Senator DeCamp, would you answer a question on this? Am I not correct that the date that we have to pass legislation by is prior to March of 1983?

SENATOR NICHOL: Would you respond, please?

SENATOR DeCAMP: The deadline for action by states is limited to March, 1983. I am offering the proposal now to do the two things as I suggested, take our action now and affirmatively state it and the other one, of course, to deal with usury rates themselves.

SENATOR BURROWS: I certainly don't know of any consumers wanting to see interest rates increased. And I see no rationale for any part of the bill except to provide for our exemption from the federal regulations. I would certainly agree to the bill if all usury rates increases were taken from the bill. There are some problems with our present usury legislation. One comes with the 16 percent which maybe if that were a point or two only applying to the \$25,000 and under loan under current statute. We need changes but not to abolish the usury rate system. I would like to remind again the arguments presented by Bill Brandt from the Nebraska Bankers Association in the Revenue Committee hearing stating that if a surtax were imposed, a 5 percent surtax, on intangible income and the bill involved had a \$10,000 exemption, that these rates would be passed on in increased interest rates claiming that they are...and to come to such a conclusion they would have to be organized well enough that there was no competition, free competitive force setting the interest rates amongst the banks. If they can pass off an additional tax on their income tax as direct rate, they are admitting that they are not competitive enough that you can count on that to establish rate structures in the state. I think they said by that that if we want to ever tax them and to have them pay a tax like everyone else in the state pays, that you have to have a lid on what they can charge. This is direct contradiction in any degree of logic to say that we have the free marketplace establishing rates, but still under this competitive organization they will pass on a tax that might be imposed on them. I wish the body would think on it. If that is not direct contradiction of logic, I don't

February 9, 1982

LB 623

what is. I urge you to forget the amendment and later kill the bill. Thank you.

SENATOR NICHOL: Senator DeCamp, would you like to close, please?

SENATOR DeCAMP: No.

SENATOR NICHOL: The question is the adoption of the DeCamp amendments. All those in favor signify by voting aye, opposed nay.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Have you all voted? Record, please.

CLERK: 30 ayes, 1 nay, Mr. President, on adoption of Senator DeCamp's amendment.

SENATOR NICHOL: The DeCamp amendments are adopted. Senator DeCamp.

SENATOR DeCAMP: Well, I don't want to be unfair to Bill. Does he want to take his kill shot now? Do you want to try to kill it now, Bill?

SENATOR NICHOL: Senator Burrows, did you wish to introduce your kill motion again at this time?

SENATOR BURROWS: Yes, let's take it for a vote. I don't imagine it will get many but I would like to get a record vote on it.

SENATOR NICHOL: Was that your opening and closing?

SENATOR BURROWS: No, I would like to say a few words now.

SENATOR NICHOL: Oh, all right, go ahead. This is your opening then.

SENATOR BURROWS: Yes. I am extremely disappointed that members of this Legislature have taken one of the worst pieces of legislation in the session and turned it into one that is just not quite so bad and agreed to that when there is no need for this piece of legislation in any way to be passed during this session of the Legislature. There is no consumer cry for removing the usury rate from statute. I would like to have this go to a record vote and put the members down on this one,

February 9, 1982

LB 623

because when I first ran for election I had a one issue campaign and I wish you members when you vote on this issue would think about that. It was the usury rate and my opponent claimed they were outmoded, and today the vote is on this very thing. I had probably the best poll in a district that could be had on this very issue itself, and I urge you to vote to kill LB 623 and retain the present statutes which should be altered but in the other direction. Thank you.

SENATOR NICHOL: Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, I would want nobody in this room to vote for this bill unless they believed they were accomplishing some good. Now let me try to explain very briefly the good I believe you are accomplishing. First of all, you are retaining state control for the future, forever. I think that is important. I think that is real important. We don't know what the future holds and by golly in some of these areas I think we want to have state control. As Senator Burrows correctly points out, the deadline is March, 1983. I believe we should not wait for the deadline. In fact, I don't even know that you could get a bill through that quickly next year starting from scratch. I think you know what I am talking about. So I think this is the time to address that particular aspect of the issue. Now I will tell you the truth on another matter that you may not be aware of. If I attempted...if I attempted to put the bill through with just the provision, as Senator Landis originally suggested, and as Senator Burrows is suggesting now, state retention of control and moving back to then the interest rate at 16 percent or whatever, I could not pass that bill because the banking industry and a number of others would come out and violently kill it. Why would they do that? They would do it for the benefit of everybody, quite frankly, because you cannot set a 16 percent absolute rate which is what it would be doing having wiped out the federal control and taking it back now then to put a rate of 16 percent as the absolute and only rate, they would kill it. It is not workable, when the prime is 16.5 this morning, if you read your newspaper, it went up to 16.5. And so what I am doing on the other hand is I am also saying, okay, in a broad range, let's talk about the bulk of the money of the state that is loaned. I am saying we are going to continue exactly what the rates are now, and what are those rates? Those rates by federal preemption, and we are going in a circle here it sounds like, are whatever is negotiated between

the buyer and the seller. That is what the rates are. But we do have the flexibility in the future to make alterations or changes should we desire should conditions change. So, Senator Burrows, on your kill motion be aware of the fact, be aware of the fact that those rates are eliminated. I know you and a lot of others seem to think that there is a 16 percent rate out there because we passed the law, didn't we? Bernice voted for it. I voted for it. Larry Stoney voted for it. My golly, there has got to be a 16 percent law. That has been eliminated by federal preemption. Okay, so start the circle again, number one, we are taking back the control to the state, but, number two, in order to prevent chaos having taken control back, we are saying rates will be at least for right now as negotiated between buyer and seller of money. I think that makes a workable solution now and for the future and we do get state control back. So I would urge you to support the bill and not vote for the kill motion. I think, Senator Burrows, you really don't want to kill this bill. I think the only one that really would be happy, totally happy killing the bill, to be real honest with you, is the banking industry. They would be perfectly satisfied if this bill were dead because then the federal preemptions will take over forever and there will be no rates on the area that they are concerned about.

SENATOR NICHOL: Senator Burrows, did you wish to close?

SENATOR BURROWS: Yes, Senator DeCamp's arguments really don't spell much with me on the idea that we couldn't get this issue handled in the first 60 days of the next session. It is a banking issue that would get top priority in this Legislature and move right across the board, but it would leave it open to moderate the usury rates on the basis of the need at that point. In fact, what it does for the following 10 months or 11 months that are left, it really doesn't change anything. Its impacts don't happen until more than a year from now and there is no need of flying the usury rates off. They could be intelligently discussed at what level in the next session early in the Legislature and meet the federal preemption qualifications. I would urge the body to kill the bill, think this over for the next ten months, and come up with legislation the first of the year that is much more reasonable that would set workable standards on the basis of what the interest rates are in the State of Nebraska and nationally nine or ten months from now. I urge you to vote to indefinitely postpone LB 623. Thank you.

February 9, 1982

LB 623, 709

SENATOR NICHOL: The question is, shall LB 623 be indefinitely postponed? All those in favor vote aye, opposed nay. Did you want a record vote on this, Senator Burrows?

SENATOR BURROWS: Yes, please.

CLERK: Senator Nichol voting no.

SENATOR NICHOL: Have you all voted? Record, please.

CLERK: (Read the record vote as found on pages 610 and 611 of the Legislative Journal). 4 ayes, 33 nays, Mr. President.

SENATOR NICHOL: The motion fails. Senator DeCamp. That was your opening and closing. The question is, shall the bill be advanced? All those in favor signify by voting aye, opposed nay.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Have you all voted? Record, please.

CLERK: 29 ayes, 2 nays, Mr. President, on the motion to advance the bill.

SENATOR NICHOL: LB 623 is advanced. Mr. Clerk, do you have anything further on the desk?

CLERK: Very quickly, Mr. President, Senator Sieck has an explanation of vote he would like to offer, and Senator Vickers asks unanimous consent to add his name to LB 709 as co-introducer.

SENATOR NICHOL: No objection, so ordered. Senator Apking, do you have some words of wisdom for us, please?

SENATOR APKING: I suggest we adjourn until nine o'clock tomorrow morning.

SENATOR NICHOL: All those in favor say aye. Opposed nay. We are adjourned.

Edited by

L. M. Benischek
L. M. Benischek

February 11, 1982

LR 12
LB 623, 655, 701, 708, 751

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Prayer by Father Sam Boman, St. David's Episcopal Church, Lincoln, Nebraska.

FATHER BOMAN: Prayer offered.

SPEAKER MARVEL: Roll call. Please record your presence. Record.

CLERK: There is a quorum present, Mr. President.

SPEAKER MARVEL: Number 3.

CLERK: Yes, sir. Mr. President, your committee on Banking gives notice of hearing on LR 12 for Monday, February 22.

Mr. President, I have a report from the Department of Roads pursuant to statutory section. That will be filed in my office.

I have gubernatorial appointment letters from the Governor. Those will be referred to the Reference Committee. (See pages 640 and 641 of the Legislative Journal).

Mr. President, your committee on Government whose Chairman is Senator Kahle to whom was referred LB 701 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with committee amendments attached. That is signed by Senator Kahle). (See pages 641 through 644 of the Journal).

Your committee on Banking whose Chairman is Senator DeCamp to whom was referred LB 708 instructs me to report LB 708 advanced to General File with committee amendments attached, and LB 751 advanced to General File with committee amendments attached. (See pages 645 and 646 of the Journal). Those are signed by Senator DeCamp.

Your committee on Public Works whose Chairman is Senator Kremer to whom was referred LB 655 instructs me to report that bill as advanced to General File with committee amendments attached. That is signed by Senator Kremer. (See page 647 of the Journal).

Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 623 and recommend that same be placed on

February 19, 1982

LR 225, 226, 227
LB 454, 378, 440, 623, 645,
673, 679, 717, 759, 827

clause. Have you all voted? Record the vote.

CLERK: (Read the record vote as found on pages 769 and 770 of the Legislative Journal). 34 ayes, 9 nays, 1 excused and not voting, 5 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed with the emergency clause attached. The Clerk has got some business to read in to the.....

CLERK: Mr. President, I have a motion from Senators Nichol, Wesely, Higgins, Rumery, Kilgarin, L. Johnson, DeCamp, Kahle, Remmers, Koch, and Haberman to advance LB 679 to General File notwithstanding the action of the Judiciary Committee That will be laid over.

I have a lobby registration report for February 11 through February 18.

Your committee on Public Works whose Chairman is Senator Kremer reports LB 759 advanced to General File; 645 indefinitely postponed; 673 indefinitely postponed.

Senator DeCamp would like to print amendments to 623.

Mr. President, I have new resolutions. LR 225 by Senator Nichol calls for a study of considering the legislative solution allowing the Mexican American Commission to provide direct services, assisting both the area service providers, agencies, and organizations. The second study resolution from Senator Nichol calls for a study on the way to improve the older Hispanic's knowledge of and participation in applicable service programs. (LR 226.) Mr. President, LR 227 by Senator Marsh. (Read resolution. See pages 773 and 774, Legislative Journal.) That will be laid over, Mr. President.

Mr. President, Senator Higgins offers explanation of vote; Senator Haberman offers explanation of vote.

Senator Higgins would like to withdraw her name as co-introducer from 827; and Senator Koch to add his name as co-introducer to 440.

SPEAKER MARVEL: Hearing no objections, so ordered.

CLERK: I have Attorney General opinions, one to Senator Cullan regarding LB 378; and one to Senator DeCamp regarding LB 717.

And Mr. President, I have a hearing notice from the Appropriations Committee.

March 3, 1982

LB 259, 623, 787, 847

will return to their seats and check in, please. Senator VonMinden, would you check in, please. We're looking for Senator Cullan, Senator Schmit, Senator Beyer. Senator Koch, did you want a roll call vote?

SENATOR KOCH: Yes, I do, sir.

SENATOR CLARK: We're short Senator Beyer and Senator Schmit. Do you want to start in the roll call?

SENATOR KOCH: Are they excused?

SENATOR CLARK: Those two are not.

SENATOR KOCH: Well I'm in no hurry for lunch. I'll wait around a while.

SENATOR CLARK: Senator Marvel and Senator Kremer are excused. Could you find Senator Schmit, Ray? Do you want to start in, Senator Koch? The Clerk will call the roll. I hope we can have it quiet enough the Clerk can hear the response, please.

CLERK: (Read roll call vote as found on pages 944-945 of the Legislative Journal.) 24 ayes, 22 nays, Mr. President.

SENATOR CLARK: The motion carried. It takes a simple majority on General File. It is an amendment to an amendment. Senator Haberman, would you like to recess us until one-thirty which we will continue this same bill at that time. We have to read something in first, please.

CLERK: Mr. President, Senator DeCamp would like to print amendments to LB 623 in the Legislative Journal. (See page 945 of the Legislative Journal.)

Mr. President, your committee on Ag and Environment whose chairman is Senator Schmit reports LB 847 advance to General File with committee amendments attached. And your committee on Judiciary whose chairman is Senator Nichol reports LB 787 advance to General File with committee amendments attached. (See apges 945-946 of the Legislative Journal.) That is all that I have, Mr. President.

SENATOR CLARK: Senator Haberman.

SENATOR HABERMAN: Mr. President, I move that we recess until one-thirty.

SENATOR CLARK: You heard the motion. All those in favor say aye, opposed no. We are recessed until one-thirty. We will continue this bill at that time.

EDITED BY


Mary A. Turner

8172

March 4, 1982

LB 779, 623

voting on the Schmit amendment. Okay, record the vote.

CLERK: 26 ayes, 0 nays, Mr. President, on the adoption of Senator Schmit's amendment.

SPEAKER MARVEL: The motion is carried and the amendment is adopted. The motion is to advance LB 779 to E & R for review. All those in favor of that motion vote aye, opposed vote no. All in favor say aye, opposed. Motion is carried. The bill is advanced. The next bill is LB 623. E & R amendments.

SENATOR KILGARIN: I move the E & R amendments to LB 623.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. Motion is carried. The E & R amendments are adopted.

CLERK: Mr. President, Senator DeCamp had an amendment on page 771 he wishes to withdraw, in lieu thereof offer an amendment that is found on page 945 of the Legislative Journal.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, the amendment does three things as I understand it. One, it makes some corrections to some errors on numbers. The second thing, we used in the original bill the word "mortgages". We found out, somebody found out that mortgages are not officially referred to or that "deeds of trust" and "mortgages" are two different animal, therefore, in order to include "deeds of trust" they used a different word instead of "mortgages", "secured instruments". Third thing they do is to correct an error made by Walt Radcliffe who thought FMHA was the same as FHA and he discovered they were not the same, that Farmers Home Administration is not the same as Federal Housing Administration so it corrects it either to Farmers Home Administration or away from it. Anyway he makes whatever the correction was to the right agency. Well, actually I didn't know it but I ain't going to take the blame all the time.

SPEAKER MARVEL: Senator Higgins, do you wish to be recognized?

SENATOR HIGGINS: Mr. Speaker, I would like to ask Senator DeCamp a question.

SPEAKER MARVEL: Senator DeCamp.

March 4, 1982

LB 623

SENATOR DeCAMP: Yes, ma'am.

SENATOR HIGGINS: Briefly all I see on the explanation of this sheet, and I haven't had a chance to review this bill, is "Eliminate maximum interest rate". What is the maximum right now?

SENATOR DeCAMP: You are talking about the bill or the amendment?

SENATOR HIGGINS: The bill.

SENATOR DeCAMP: It would depend on what type of loan and what area we are in. There are a whole raft of different rates and I will give you a list of them if you want. I can hand it...I think I have got one on my desk.

SENATOR HIGGINS: Are we talking about interest rates now for banks or savings and loan companies or finance companies, small loan companies, everybody in the loan industry?

SENATOR DeCAMP: No, no. Remember we pared the bill down considerably. Senator Landis and some others had some concerns about the breadth of the bill. So then as a compromise, if you would, we agreed that we would treat small loan companies in a separate bill. We have, I think, 702 up there for that. We agreed that we would deal with such things as open-end credit, consumer credit, revolving credit, all other things, credit cards, in separate legislation. That is done in the bill called 385. For all practical purposes this is narrowed to...I am not giving you everything but I am giving pretty close...let's say savings and loan and banking institutions. Okay, mortgage institutions. The bill takes authority from the federal government which has eliminated rates for all practical purposes already on it, brings it under state control for the future, and then sets the rate as no rate or whatever they negotiate. Do you kind of follow?

SENATOR HIGGINS: Yes, yes, it will be a negotiable thing like it has been for the last three or four years since we took the 12% (interruption).

SENATOR DeCAMP: Yes, essentially what it already is but we are taking state control in, too.

SENATOR HIGGINS: Okay, thank you.

SPEAKER MARVEL: Senator DeCamp, do you want to close on your amendment? The motion is to adopt the DeCamp amendment. All in favor of that motion vote aye, opposed vote no.

March 4, 1982

LB 623

Have you all voted? Record.

CLERK: 25 ayes, 0 nays on adoption of Senator DeCamp's amendment.

SPEAKER MARVEL: Motion is carried. The amendment is adopted. Senator Kilgarin.

SENATOR KILGARIN: I move we advance LB 623.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. Motion is carried. The bill is advanced. Are we ready for 449?

March 15, 1982

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Roll call. Record the vote, Mr. Clerk, or the presence, I mean.

CLERK: There is a quorum present, Mr. President.

PRESIDENT: A quorum being present, are there any corrections to the Journal?

CLERK: I have no corrections, Mr. President.

PRESIDENT: The Journal will stand as published. Are there any other messages, reports or announcements?

CLERK: Mr. President, I have a report from the Department of Roads. That will be on file in my office.

The Committee on Business and Labor whose chairman is Senator Barrett instructs me to report LB 967 advance to General File with committee amendments attached; LB 968 as indefinitely postponed, both of those signed by Senator Barrett.

A new resolution, LR 248 offered by the Administrative Rules Committee calls for an interim study into the feasibility of employing an independent hearing examiners system for state agencies in Nebraska. (See page 1149 of the Journal.)

Your committee on Enrollment and Review respectfully reports we have carefully examined and engrossed LB 69 and find the same correctly engrossed; 359, 428, 571, 623, 659, 705, 724, 779 all correctly engrossed, those signed by Senator Kilgarin as Chair. (See page 1151 of the Legislative Journal.)

Mr. President, your committee on Enrollment and Review respectfully reports we have carefully examined and reviewed LB 652 and recommend that same be placed on Select File with E & R amendments attached; 522 E & R amendments attached; 568 E & R amendments attached. Those are signed by Senator Kilgarin as Chair. (See pages 1150-1151 of the Legislative Journal.)

Your committee on Public Works whose chairman is Senator Kremer reports LB 785 advance to General File and LR 212 advance to General File. Those are signed by Senator Kremer. (See page 1152 of the Legislative Journal.)

I also have a committee on Public Works report on a gubernatorial confirmation hearing.

And, Mr. President, Senator Beutler would like to add his name to LB 577 as cointroducer.

March 19, 1982

LB 601, 623, 634

having been complied with, the question is, shall the bill pass? All those in favor vote aye, opposed vote nay. Have you all voted? Record the vote.

CLERK: (Read the record vote as found on pages 1285 and 1286 of the Legislative Journal.) 42 ayes, 0 nays, 7 excused and not voting, Mr. President.

SENATOR CLARK: The bill is declared passed on Final Reading. We cannot read the next bill as there has been an A bill introduced. 623 will be next.

CLERK: (Read LB 623 on Final Reading.)

SENATOR CLARK: All provisions of law according to procedure having been complied with, the question is, shall the bill pass? All those in favor vote aye, opposed vote nay. Voting aye.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: (Read the record vote as found on pages 1286 and 1287 of the Legislative Journal.) 41 ayes, 2 nays, 6 excused and not voting, Mr. President.

SENATOR CLARK: The bill is declared passed on Final Reading. The Clerk will now read 634, constitutional amendment.

ASSISTANT CLERK: (Read LB 634 on Final Reading.)

SENATOR CLARK: All provisions of law according to procedure having been complied with, the question is, shall the bill pass? All those in favor vote aye, opposed vote nay. It requires 30 votes.

ASSISTANT CLERK: Senator Clark voting no.

SENATOR CLARK: Have you all voted? Record the vote.

ASSISTANT CLERK: (Read the record vote as found on pages 1288 and 1289 of the Legislative Journal.) The vote is 31 ayes, 11 nays, 6 excused and not voting, Mr. President.

SENATOR CLARK: The bill is declared passed. I would like to introduce Janice Garrett, Donna LeMars and Lynn Fossinger. They are in the WIFE organization. They are guests of Senator Kahle. They are in the north balcony. Will you stand and be recognized, please? I wish their names were

LB 520, 577, 591, 604A, 623, 629, 629A,
634, 651, 659, 697, 705, 716, 724, 759,
774, 779, 784, 792, 839, 877, 931, 941,
951, 626, 961, 962

March 19, 1982

626 up to the point where it was the other day before this misunderstanding occurred. I thank you very much.

PRESIDENT: Any further discussion? Senator Rumery, do you have any closing on the advance?

SENATOR RUMERY: Just this, Mr. President, there has been reference made to sinister moves by a lobbyist and I would like to say that Mr. Paul O'Hare worked with us and I can truthfully say that we have not considered that he was doing anything underhanded at all, and I would like to have that for the record. I ask you to move the bill.

PRESIDENT: Did I hear a request for a record vote? I figured I would. Okay, Senator, we will go to the board then. All those in favor of advancing LB 626 to E & R for Engrossment vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 25 ayes, 9 nays on the motion to readvance the bill, Mr. President.

PRESIDENT: Motion carries. LB 626 is advanced to E & R for Engrossment. You may read some things in.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined LB 591 and recommend that same be placed on Select File; 520 Select File with amendments; 629 Select File with amendment; 629A Select File, and 759 Select File. (Journal page 1305.)

Mr. President, Senator Warner would like to print amendments to LB 604A in the Journal. (Page 1304 of the Journal.)

Mr. President, the bills that were read on Final Reading this morning are now ready for your signature.

PRESIDENT: While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LB 577, 601, 623, 634, 651, 659, 697, 705, 716, 724, 779, 774, 784, 792, 839, 877, 931, 941, 951, 961, and 962.

PRESIDENT: Before we go into the next matter, the Chair takes the privilege of introducing 41 Seventh Grade students from Sandy Creek District from Fairfield, Nebraska. They are up here in the south balcony, Mr. David Nienkamp, their instructor. Would they kind of just wave to us. It is so crowded up there, let's see where you are up there. Welcome to your Legislature, to the Unicameral. Ready, Mr. Clerk, on LB 870.

LR 270

LB 127, 259, 601, 611, 623, 642, 644,
647, 651-2, 659, 678, 696-7, 700,
716, 724, 757, 767-7A, 774-776,
779, 784, 792, 816, 828, 839, 845,
877, 931, 941, 951, 961-2, 705

March 29, 1982

Mr. President, three communications from the Governor addressed to the Clerk. (Read. Re: LBs 775, 776, 601, 623, 651, 659, 697, 705, 716, 724, 774, 779, 784, 792, 839, 877, 931, 941, 951, 961, 962, 259, 642, 644, 678, 696, 828, 845, 767, 767A. See pages 1415 and 1416, Legislative Journal.)

Mr. President, I have a series of Attorney General's opinions. The first is to Senator Vickers regarding LB 647; one to Senator Wesely regarding LB 700; a third to Senator Hefner regarding LB 611; a fourth to Senator Haberman regarding LB 127; and a fifth to Senator Carsten regarding LB 816. All of those will be inserted in the Legislative Journal.

Mr. President, a new resolution, LR 270 offered by Senator Newell. (Read. See pages 1424 and 1425, Legislative Journal.) That will be laid over pursuant to our rules, Mr. President.

Finally, Mr. President, Senator Wiitala asks unanimous consent to remove his name as cosponsor from an amendment to LB 652, Request 2652.

SENATOR CLARK: Is there any objection? So ordered.

CLERK: That is all that I have, Mr. President.

SENATOR CLARK: All right, is Senator Koch here? I think we will go ahead and pass over Senator Koch's request here until he arrives. We will go to item #5 on General File, the priority bills, the revenue priorities, 757 is the first bill.

CLERK: Mr. President, LB 757 introduced by the Speaker at the request of the Governor. (Read title.) The bill was read on January 11 of this year, referred to the Revenue Committee for public hearing. The bill was advanced to General File, Mr. President.

SENATOR CLARK: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, in the absence of Senator Marvel I suspect that I should take the bill. The bill is very straightforward. There is no committee amendment. It is in its original form to reduce the minimum of the overlevy or cushion from 3% to 2%. It was a recommendation from the Governor in a bill that he had introduced by Senator Marvel and I would move that it be moved from General File to E & R Initial.

SENATOR CLARK: We have a motion on the desk.