

## LEGISLATIVE BILL 150

Approved by the Governor March 16, 1981

Introduced by Banking, Commerce and Insurance Committee, DeCamp, 40, Chpn.; Haberman, 44; Labeledz, 5; Remmers, 1; Fitzgerald, 14; Clark, 47; Landis, 46; Schmit, 23

AN ACT to amend section 8-820, Revised Statutes Supplement, 1980, relating to banks and banking; to authorize a fee; to reduce a minimum fee; to declare public policy; to repeal the original section; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 8-820, Revised Statutes Supplement, 1980, be amended to read as follows:

8-820. Subject to the provisions of sections 8-815 to 8-829, any registered bank may contract for and receive, on any personal loan, charges at a rate not exceeding nineteen per cent simple interest per year, except that, in the case of loans initiated by credit card or other type of transaction card, the rate may not exceed eighteen per cent simple interest per year. on the first one thousand dollars and twelve per cent simple interest per year on the balance over one thousand dollars. Any registered bank charging a rate of interest allowed under this section may also charge a reasonable fee for service and use of a credit card or other type of transaction card in an amount not to exceed twenty dollars per year. Such charges shall not be construed as interest. Notwithstanding the provisions of this section, a bank may charge a minimum fee of ten up to seven dollars and fifty cents in lieu of interest on small loans.

Sec. 2. It is hereby declared to be the public policy of the State of Nebraska that for the purpose of applying the federal most favored lender doctrine, the bank credit card rate contained in section 8-820 is not comparable or analogous to the small loan rate found in sections 45-137 and 45-138. The Legislature finds that the institutions making small loans and the institutions administering a bank credit card are categorically different. The transactions carried on by these institutions are categorically different. The Legislature finds that small loan borrowers and bank credit card users are not synonymous or comparable. In establishing a small loan rate, the Legislature has recognized a risk factor that is different and greater

than other financial transactions and therefor justifies the charging of a higher interest rate than installment loans, personal loans, retail revolving credit plans, or bank credit card interest rates.

Sec. 3. That original section 8-820, Revised Statutes Supplement, 1930, is repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.