**For Release Wednesday, October 14, 2020**

**Capitol View**

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**Ballot Issues
Slavery, TIF and Payday Lending Interest Limits on Ballot**

Nebraska voters face six statewide questions in November. Four are statutory initiatives proposed by the initiative petition process. Two are constitutional amendments proposed by the Legislature. Today we’ll look at those amendments and one of the initiative petitions.

Proposed Amendment No. 1 prohibits the use of slavery or involuntary servitude as punishment for conviction of a crime. Nebraska prohibited slavery and involuntary servitude in 1875, except as punishments for those convicted of crimes. A similar situation exists in 11 other states and nine states permit involuntary servitude but not slavery as criminal punishment.

A ”yes” vote supports removing the language from the Nebraska Constitution. A “no” vote would keep the language in the state constitution and allow the use of slavery and involuntary servitude as criminal punishments.

Proposed Amendment No. 2 would amend the Nebraska Constitution to allow the Legislature to extend the maximum amount of time for the repayment of indebtedness related to tax increment financing from 15 years to 20 years if more than one half of the property in the project area is designated as extremely blighted.

Tax Increment Financing (TIF) is intended to finance economic development in an area. In Nebraska, the governing bodies of cities and villages can enact resolutions to declare an area as substandard, blighted, and in need of redevelopment and create a TIF district. The local government can then issue

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bonds to finance improvements associated with redevelopment projects in the district.

Local governments can use increased tax revenue, resulting from increased property values due to development, to pay off the bonds over a 15-year period. The ballot measure would increase the period to pay off the bonds and indebtedness from 15 years to 20 years for TIF districts designated as extremely blighted. In Nebraska, an extremely blighted area is defined as a census tract with an average unemployment rate that is 200 percent or more of the average state unemployment rate and the poverty rate is more than 20 percent.

A ”yes” vote supports the extension of the repayment period for tax increment financing from 15 to 20 years for areas where more than one-half of the properties are designated as extremely blighted. A “no” vote would keep the repayment period at 15 years.

Nebraska Initiative 428 is the first of four issues placed on the ballot through the initiative petition process. It is intended to amend Nebraska statutes covering the amount that delayed deposit services licensees can charge to a maximum annual percentage rate of 36 percent. It would also prevent these entities, commonly known as payday lenders, from evading the rate cap and deem void and uncollectable any transaction made in violation of the rate cap.

Under current statute, delayed deposit licensees are prohibited from charging fees in excess of $15 per $100 loaned. The proposed measure would replace that with a 36% annual limit on payday lending transactions. Current law limits the loan amount to $500 and loan term to 34 days.

Initiative 428 would also prohibit payday lenders from collecting fees, interest, or the principal of the transaction if the rate charged is greater than 36%. Payday lenders are also prohibited from marketing, offering, or

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guaranteeing loans with interest rates exceeding 36% in the state regardless of the lender having a physical office in the state.

Currently, 37 states permit payday lending. Colorado, Montana, New Hampshire and South Dakota have enacted 36 percent annual interest rate caps that also prohibit additional fees or charges. Four states authorize payday lending with limits on APR, but permit lenders to charge extra fees on top of interest. The remaining 29 states authorize payday lending without limits on APR.

A “yes” vote supports limiting the annual interest rate charged for delayed deposit services to 36 percent. A “no” vote maintains existing state law on payday lenders, including a prohibition on charging fees in excess of $15 per $100 loan and a $500 loan limit.

*J.L. Schmidt has been covering Nebraska government and politics since 1979. He has been a registered Independent for 20 years.*

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