

31:1-1.1

LEGISLATIVE HISTORY CHECKLIST

(Interest rate - loans - same terms and rate as allowed for Federally chartered banks)

WUSA 31:1-1.1

LAWS OF 1979

CHAPTER 156

Bill No. S3231

Sponsor(s) Bedell

Date Introduced May 7, 1979

Committee: Assembly -----

Senate Labor, Industry and Professions

Amended during passage Yes

Amendments during passage denoted by asterisks. XX Substituted for A3344 (not attached since identical to S3231)

Date of Passage: Assembly June 28, 1979

Senate June 21, 1979

Date of approval July 19, 1979

Following statements are attached if available:

Sponsor statement Yes ~~XX~~ (Below)

Committee Statement: Assembly ~~XXX~~ No

Senate Yes ~~XX~~

Fiscal Note ~~XXX~~ No

Veto message ~~XXX~~ No

Message on signing ~~XXX~~ No

Following were printed:

Reports ~~XXX~~ No

Hearings ~~XXX~~ No

Sponsor's statement:

This bill permits any person to lend money on such terms and at such rates of interest as are allowed by Federal law to Federally chartered banks. The bill would not permit any person to make any type of loan which it is not otherwise authorized by law to make.

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JUNE 156

APR 7-19-79

1979

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SENATE, No. 3231

STATE OF NEW JERSEY

INTRODUCED MAY 7, 1979

By Senator BEDELL

Referred to Committee on Labor, Industry and Professions

AN ACT concerning interest and usury and supplementing Title 31
of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Notwithstanding any provisions of R. S. 31:1-1 to the con-
2 trary, the commissioner may by regulation establish a rate of
3 interest which may be charged by any person on loans made by
4 them equal to the rate allowed by Federal law or regulation to be
5 charged by national banking associations at any time when the
6 rate so allowed by Federal law exceeds 8% per annum. Nothing
7 herein shall authorize any person to make any loan which he is
8 not authorized by law to make, nor shall anything in this act apply
9 to loans secured by **a first lien on** real estate on which there is
10 erected or to be erected a structure containing one, two, three,
11 four, five or six dwelling units, a portion of which structure may
12 also be used for nonresidential purposes.

13 Where in any other law a rate of interest applicable to loans
14 regulated by this section is referred to as that established by R. S.
15 31:1-1, the rate applicable shall be as established herein.

1 2. This act shall take effect immediately.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 3231

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 24, 1979

This legislation would permit the Commissioner of Banking to establish by regulation an interest rate on loans other than mortgage loans on one-to-six family dwellings. The commissioner could establish a rate equal to that allowed by Federal law or regulation to be charged by national banking associations if the rate permitted by Federal law exceeds 8%. The bill would not permit any institution to make any kind of loan which it is otherwise authorized by law to make.

At present, all State-chartered institutions are required to adhere to an 8% per annum rate on loans under \$50,000.00 which are not mortgage loans and which do have rate otherwise established by law. National banks, however, are permitted to charge interest rates on this type of loan either at the state ceiling, i.e. 8%, or one percent over the Federal Reserve discount rate, whichever is greater. At present, the discount rate is 9½%, which means that national banks can charge 10½% on these loans, while State institutions are held to the 8% ceiling established by R. S. 31:1-1. The purpose of this legislation is to establish parity between State and Federally chartered institutions.

The Senate Labor, Industry and Professions Committee amended the bill to provide that nothing in this act shall apply to loans secured by a first lien on real estate on which there is erected, or to be erected, a structure containing one, two, three, four, five or six dwelling units, a portion of which structure may also be used for nonresidential purposes.