

Voice of the Poor
ACTION ALERT
H.B. 2161 (payday lending; regulation)

Background:

Consumer protection from predatory lending practices has been on the Voice of the Poor legislative agenda for six years. Our involvement has been based on real life stories from conferences about clients seeking assistance from the Society because of debt from payday loans. VOP has advocated for the following reforms: lower interest rates, elimination of “rollovers,” and a database to prevent customers from having multiple loans. The legislature has been unable to pass reforms.

Last year the payday lending industry spent \$14 million on Proposition 200 billed as “reform”. The SVdP diocesan board opposed the initiative as deceptive and it was defeated overwhelmingly at the polls. With the “sunset date” (July 1, 2010) for payday lending rapidly approaching, the industry has proposed additional reforms in H.B 2161. While the bill includes a database, it does not meaningfully lower interest rates.

Recommendation by the Phoenix Diocesan Board (1/20/10):

H.B. 2161 should be OPPOSED and the enabling legislation allowed to lapse. The industry lacks credibility with Arizona voters. 15 states and Washington, D.C. have abolished this form of lending by lowering interest rates. The federal government capped interest rates for the military at 36% (the maximum allowable interest rate in Arizona after the “sunset” of payday legislation).

The bill will be heard by the House Banking and Insurance Committee on Monday, January 25 at 2 p.m. (HHR #5) Voice of the Poor, represented by Kathy Jorgensen and Lucy Howell will be present to register opposition by the SVdP Diocesan Board.

Please help us stop the bill from advancing by calling or e-mailing members of the House Banking and Insurance Committee and urging them to vote NO!

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