

1 **Resolution to Maintain Strong Washington State Consumer**
2 **Protection Laws Relating to Payday Loans**

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4 **WHEREAS** Washington ranks high in studies on consumer protections for consumers
5 on payday loans;

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7 **WHEREAS** Washington’s payday lenders have lost three-quarters of their business in
8 the five years since a tough new state law restricting the high-cost loans marketed to
9 poor families took effect;

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11 **WHEREAS** the industry, led by Seattle-based Moneytree, is lobbying state lawmakers
12 to revamp the law. Lenders are backing legislation – SB 5899 and HB 1922 – to eliminate
13 traditional two-week payday loans and replace them with “installment loans” that
14 would stretch repayment out for up to a year;

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16 **WHEREAS** anti-poverty and consumer-advocacy groups are opposing the legislation,
17 arguing new fees would undermine the state’s 2009 reforms and ensnare more people
18 in a debt trap. “You can’t say with a straight face this is good for consumers,” said
19 Bruce Neas, an attorney for Columbia Legal Services;

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21 **WHEREAS** state Attorney General Bob Ferguson came out against the proposal in a
22 letter to legislators, saying Washington’s payday-lending system includes important
23 safeguards for consumers “and does not need to be overhauled”;

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25 **WHEREAS** this new system will leave low-income borrowers paying more. Payday
26 lending was illegal until 1995. It took 15 years to get good reforms. Washington has an
27 average APR that is third-lowest in the nation and a default rate of 19 percent –
28 Colorado is 38 percent;

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30 **WHEREAS** protections in the payday lending statute provide an off-ramp from the
31 cycle of debt and no such protections exist in this bill;

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33 **WHEREAS** active military is prohibited from using this type of debt which begs the
34 question as to why this product is deemed unsafe for the military but perfectly safe for
35 other citizens;

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37 **WHEREAS** a recent study from the Harvard Business School finds short-term credit
38 increases the rate by which people overdraw their accounts; and

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40 **WHEREAS** this is an unproven expensive loan product proposed to be put on the
41 market with little study. Installment lending would result in worse outcomes for low-
42 income people;

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44 **THEREFORE BE IT RESOLVED** by the Washington State Democratic Central
45 Committee that we oppose SB 5899 and HB 1922 which serve to weaken Washington
46 State's hard-won consumer protection laws relating to payday loans.
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49 Submitted by the Labor Caucus to the WSDCC. (Date Submitted 4/18/2015)
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51 Submitted by the Progressive Caucus to the WSDCC. (Date Submitted 4/18/2015)
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53 Submitted by the Women's Caucus to the WSDCC. (Date Submitted 4/18/2015)
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55 Supported by the Stonewall Caucus to the WSDCC. (Date Submitted 4/18/2015)
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57 The Resolutions Committee recommended that this resolution be "PASSED" at its April
58 18, 2015 meeting in Pasco.
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60 The WSDCC "PASSED" this resolution at its April 18, 2015 meeting in Pasco.