



Payday Lending Bill

A bill preventing payday lenders from charging triple-digit interest rates was tabled today in the Arkansas Legislature. The measure is postponed after opponents questioned the bill's legality, whether it unfairly targets one business while exempting other lenders, like pawn shops.

The House Insurance and Commerce Committee delayed its vote until next week. The bill could charge payday lenders a \$300 fine every time they charge consumers interest rates higher than 17%.

Supporters argue that payday lenders charge outrageous interest on payday loans that are usually \$100 to \$500 loans. For example, the average payday borrower pays \$800 just to borrow \$325.

H.C. Hank Klein, President of Arkansans Against Abusive Payday Lending said, "There are many lenders that are charging four times more than a loan shark in Chicago in the 1960's would charge consumers."

Research shows that payday lenders are disproportionately located near military bases and target minority and low income consumers.

This is why the bill's sponsor, State Representative David Johnson wants to make outrageous interest rates illegal. But there are concerns that the bill unfairly targets payday lenders.

Under that pressure, the committee tabled the bill, delaying the vote until February 7th.

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