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House OK ethics reform bill; Senate approves payday lending legislation

Thursday, Mar 15, 2007

**By Rob Moritz and Doug Thompson
Arkansas News Bureau**

LITTLE ROCK - The predominantly Democratic state House overwhelmingly approved an ethics reform bill by its speaker Wednesday despite the state Democratic Party chairman's e-mail campaign against the measure.

House Bill 2384, sponsored by House Speaker Benny Petrus, D-Stuttgart, would, among other things, reduce the maximum individual contribution to candidates from \$2,000 to \$1,000.

The measure also would prohibit a donor from making several contributions from more than one business or organization.

The measure passed 89-3 and goes to the Senate.

The Senate, meanwhile, approved legislation that would put limits on payday lenders but would not affect their practice of what critics say amounts to charging interest rates of 300 percent or more on short-term loans despite the state constitution's usury limit of 17 percent.

Before the vote on Petrus' ethics reform bill, the House speaker said he was "shocked ... and very, very upset" when to learn Tuesday night of an e-mail that Democratic Party Chairman Jason Willett sent to all 75 House Democrats.

In the e-mail, Willett said bill's two major provisions "ensure that only the Donald Trumps and Arnold Schwarzeneggers of the world can successfully run for public office."

Willett wrote that the bill "would hurt great candidates ... anyone who seeks to serve the public who cannot self-fund their campaign"

Petrus said he disagreed, and said the bill provided an opportunity for lawmakers "to do the right thing."

"If we don't police ourselves and the people in government, nobody else will," he said. "The main intent of this bill is to be transparent."

Petrus reminded lawmakers that they approved a bill on Tuesday that would give some lawmakers a 50 percent increase for some of their expenses and duties.

"There's nothing wrong that. But don't vote for a pay raise and then don't be transparent the next day," he said.

"Some people wonder why (extending) term limits doesn't pass. Two to one, every time it's on the ballot (the voters) don't want to support term limits," Petrus said. "But maybe today, if we show the courage, political courage, and do the right thing, this will give the people back home (a reason) to support (term limits) next time it's on the ballot."

Rep. Linda Chesterfield, D-Little Rock, who serves on the Democratic Party's executive committee, said Willett did not consult or inform the committee before sending the e-mail.

"As a member of that executive committee. I usually get to vote on those such things, but there was no conference call," she said.

Gov. Mike Beebe also said Wednesday he supported Petrus' bill.

"I disagree with (Willett's) opinion," Beebe said.

A message left for Willett at the Democratic Party's headquarters was not returned Wednesday.

Rep. Johnny Key, R-Mountain Home, jokingly told House colleagues Wednesday he did not understand why Willett thought reducing the contribution limit would hurt Democrats. He said that when the limit was previously \$1,000, Republicans held 30 House seats. After the Legislature raised the limit to \$2,000 in 2005, the GOP lost five House seats in the 2006 election, he noted.

The Senate, meanwhile, voted 31-1 to approve a payday lending bill that AARP and opponents have ridiculed as "window-dressing."

Much tougher legislation, which would fine payday lenders for each violation of a provision that would prohibit them from charging more than the 17 percent usury limit, sailed out of the House but has stalled in the Senate Insurance and Commerce Committee.

SB 923 by Sen. Terry Smith, D-Hot Springs, would prohibit "rollover" loans, or loans to cover payments due on another loan from the same lender. Instead, lenders would be required to come up with a payment plan for existing debt.

The bill would also require lenders to post information on where customers can seek credit counseling.

The lone vote against the bill came from Sen. Jim Argue, D-Little Rock.

"It doesn't put any cap at all on loans to the most vulnerable borrowers," Argue said.

Speaking for the bill, Sen. David Bisbee, R-Rogers, noted that \$5 overdraft at a bank can draw a penalty of \$35 to \$40.

"We don't ever talk about putting limits on interest rates like that,"

Bisbee said. "If we put payday lenders out of business, the only option people will have is to take their wedding bands or child's bike down to the pawn shop and be charged even worse interest. These are bad choices, but they're choices. Even if it's not a good option, it's an option."

Supporters also argued there would be no payday lending regulation without Smith's bill.

The bill goes to the House.

Gov. Mike Beebe said Wednesday he still supports the more restrictive bill by Rep. David Johnson, D-Little Rock.

"However, it appears the bill in is serious trouble," he said.

Asked later if the governor would try to help get Johnson's bill out of the Senate committee, Beebe spokesman Matt DeCample said the governor keeps his private conversations with lawmakers private but has made his stance on payday lending clear publicly.

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