



HR0295

LRB096 12427 KTG 25365 r

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HOUSE RESOLUTION

2 WHEREAS, Working families of Illinois lose at least \$220
3 million per year in unfair fees to predatory payday lenders
4 through payday loans that are designed to trap borrowers in
5 debt at annual interest rates in the range of 400%; and

6 WHEREAS, Academic research in recent years shows evidence
7 that payday loans contribute to bankruptcy, loss of bank
8 accounts, and credit card delinquency; and

9 WHEREAS, Payday lenders have purposefully modified their
10 products to evade Illinois' consumer protections against
11 unfair practices, specifically by lengthening their loan terms
12 to 121 days to avoid the existing annual interest rate cap
13 placed on payday loans; and

14 WHEREAS, Predatory lenders still charge upwards of 500%
15 annual interest by using these evasions; and

16 WHEREAS, The current provisions of HR 1214, the Payday Loan
17 Reform Act introduced by Representative Luis Gutierrez in the
18 U.S. House of Representatives would not prevent such evasion of
19 consumer protections by Illinois payday lenders; and

20 WHEREAS, By permitting interest rates of 391% for a typical

1 payday loan HR 1214 would undermine state efforts to curb
2 predatory payday lending; and

3 WHEREAS, HR 1214 would not address the fundamental
4 predatory practice of making repeat, consecutive loans to
5 borrowers who cannot afford to pay them off; and

6 WHEREAS, The only reform that has effectively stopped
7 predatory payday lending in the states is a two-digit cap on
8 annual interest rates; therefore, be it

9 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
10 NINETY-SIXTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we
11 call upon the sponsors of HR 1214 to withdraw their support of
12 the current provisions in the legislation and instead support
13 reforms that will be effective in stopping the payday lending
14 cycle of debt, and only support proposals that do not undermine
15 state efforts to reform the practice; and be it further

16 RESOLVED, That members of Congress, with all due
17 expedience, should enact a cap on annual interest rates of 36%,
18 as a means of immediately stopping the flow of earnings
19 unfairly stripped from working families to predatory lenders.