

**Resolution to Maintain our State's  
Strong Consumer Protection Laws on Payday Loans**

WHEREAS, following state reforms enacted in 2009 to provide an off-ramp from the cycle of debt that afflicted many poor civilian families and forced them into becoming high-cost “payday-loan” borrowers, Washington now ranks high in studies of protections for consumers on such loans; and

WHEREAS, despite a recent Harvard Business School study concluding that short-term credit increases the rate by which people overdraw their accounts, Washington now has the nation’s third-lowest average APR on payday loans and a default rate of only 19 percent (half that of Colorado); and

WHEREAS Washington’s consumers have incurred 75% less household debt from payday lenders in the five years since our 2009 reforms went into effect; and

WHEREAS federal law prohibits outright any type of payday lending to active military personnel, thus providing them a level of protection beyond that afforded to the population generally; and

WHEREAS the remaining payday lenders in our state, led by Seattle-based Moneytree, have been intensively lobbying state legislators to revamp our present law by enacting SB 5899, to replace traditional two-week payday loans with unproven and expensive “installment loans” that would stretch repayment out for up to a year and ensnare low-income people in a cycle of debt with no meaningful protections whatever; and

WHEREAS anti-poverty and consumer advocacy groups have criticized the industry-proposed legislation, arguing that it embodies new fees which would undermine the state's 2009 reforms and ensnare even more people in a debt trap; and

WHEREAS state Attorney General Bob Ferguson, in a letter to legislators, declared his opposition to the industry proposal to replace two-week payday loans with “installment loans,” and that our present payday-lending program includes important safeguards for consumers and “does not need to be overhauled;”

THEREFORE, BE IT RESOLVED that we urge our King County legislators to oppose SB 5899 and any successor legislation that would similarly weaken our hard-won consumer protections on payday loans.

*Adopted* \_\_\_\_\_ *by* \_\_\_\_\_