

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 120350)

RESOLUTION

Urging the Pennsylvania General Assembly to oppose House Bill 2191 that will legalize payday lending in Pennsylvania and harm the citizens of our Commonwealth.

WHEREAS, Predatory payday lending costs Americans some \$3.5 billion annually and 76% of payday loan revenue is due to borrowers' inability to pay back initial loans and must take out repetitive payday loans in what has been described as a "debt trap"; and

WHEREAS, Under Pennsylvania's long-standing usury laws, payday lending is illegal and Pennsylvania has saved its citizens approximately \$233 million annually by limiting the annual interest rates on small dollar loans to about 24%; and

WHEREAS, Predatory payday lending has long been illegal in Pennsylvania, and the Pennsylvania Supreme Court recently has upheld enforcement actions by the PA Department of Banking against online payday lenders operating illegally; and

WHEREAS, House Bill 2191 creates a regulatory scheme for the operation of payday lenders in Pennsylvania and attempts to regulate online payday lenders under the guise that this legislation provides consumer protections to Pennsylvanians; and

WHEREAS, The best form of consumer protections for Pennsylvanians is to not legalize payday lending in Pennsylvania by allowing House Bill 2191 to become law; and

WHEREAS, House Bill 2191 does not provide consumer protections for Pennsylvanians because it legalizes various predatory features of payday loans including triple-digit interest rates up to 419% APR, short minimum loan terms which are the borrowers' next pay day, single balloon payments forcing borrowers to repay the entire loan including all interest and fees on the next pay day, and requiring post-dated checks or pre-authorized electronic debits as security for payday loans; and

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WHEREAS, Numerous organizations across Pennsylvania oppose House Bill 2191 and these groups have formed a coalition entitled Stop Predatory Payday Loans in Pennsylvania and the coalition includes, but is not limited to, AARP Pennsylvania, Community Legal Services, Esperanza, Housing Alliance of Pennsylvania, Pennsylvania AFL-CIO, Pennsylvania Council of Churches, Pennsylvania PIRG, Public Citizens for Children and Youth, The Reinvestment Fund, United Way of Southeastern Pennsylvania, and Veterans Leadership Program of Western Pennsylvania; and

WHEREAS, Through Resolution No. 051208, this legislative body has previously opposed the legalization of payday lending in Pennsylvania; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby urge the Pennsylvania General Assembly to oppose House Bill 2191 that will legalize payday lending in Pennsylvania and harm the citizens of our Commonwealth.

FURTHER RESOLVED, That the Chief Clerk send Engrossed copies of this resolution to the Majority and Minority leadership of the Pennsylvania General Assembly, the Philadelphia Delegation of the Pennsylvania General Assembly, and the Governor as a representation of the true wishes and sincere sentiments of this legislative body.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the tenth of May, 2012.

Darrell L. Clarke
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Tasco and Jones

Sponsored by: Councilmembers Tasco, Jones, Johnson, Goode, Kenney, Greenlee, Council President Clarke, Councilmembers O'Neill, Oh, Squilla, Quiñones Sánchez, O'Brien, Green, Reynolds Brown, Henon, Blackwell and Bass