

SENATE BILL REPORT

SB 5482

As of February 4, 2005

Title: An act relating to small loans.

Brief Description: Limiting a borrower to one outstanding small loan.

Sponsors: Senators Fairley, Kline and Rasmussen.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/8/05.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Joanne Conrad (786-7472)

Background: The "payday lending" industry provides an in-demand financial service to consumers. According to a recent study by the Department of Financial Institutions, almost 200,000 Washingtonians utilized payday loans in 2003. Of those consumers, nearly one half took out from two to nine loans in one year.

However, almost 24 percent of borrowers used payday loans between 10 and 19 times, and approximately 10 percent relied on payday lenders 20 or more times per year. Concerns exist that the consumers who go into a debt spiral and experience financial difficulty during the course of payday loan repayment may be among the high-utilizers who take out loans repeatedly.

Summary of Bill: Payday loan borrowers are limited to one outstanding loan every sixty days.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.