

SENATE BILL REPORT

SB 5485

As of February 4, 2005

Title: An act relating to the limits on the amount, interest, and fees for small loans.

Brief Description: Placing limits on the amount, interest, and fees for small loans.

Sponsors: Senators Fairley and Kline.

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: Payday lenders are regulated by the states. Each state develops its own regulatory scheme, with the common goal of protecting consumers. For example, the State of New Jersey limits the fee charged by payday lenders to 10 percent. The State of Georgia caps the interest rate allowable on a payday loan at 16 percent, and many states limit payday lending terms and conditions in various ways.

Summary of Bill: The maximum amount of loans from a payday lender for a single borrower at any one time is reduced from seven hundred to 500 dollars, and the fee is reduced from a 15 percent of the first 500 dollars, to a flat maximum of 10 percent of principal.

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.