

HB 2089 Testimony

Chair Barker, Vice-Chair Bynum, Vice-Chair Barreto, and Members of the Committee:

For the record, my name is Teresa Alonso Leon and I am the Representative for House District 22, which incorporates Woodburn, Gervais, and the North part of Salem. As someone who cares deeply about consumer protection issues, I want to voice my strong support for House Bill 2089.

HB 2089 is a necessary bill to reinforce the original intention of previous legislation that was meant to protect our most financially vulnerable community members and close a loophole that predatory lenders have been taking advantage of. Currently, there is no solid rule in place that limits payday lenders from issuing multiple loans to a single consumer within a single week. While previous law capped the interest rate at 36%, vulnerable populations are put in a position to not only pay this high interest rate but also pay excessive fees that are due in addition to the principal amount. So when a consumer is unable to pay back their first loan on time, they will seek out another loan and will have to pay the 36% interest rate on the second loan plus the fees associated with a second loan resulting in consumers having to face with an even larger financial burden than what they anticipated.

Most consumers taking out payday loans are low-income Oregonians who are struggling and are working pay check to pay check. They do not have the privilege of having cash-on-hand to deal with the unexpected challenges that life can throw at them. I believe that families should be able to take out a small loan of a few hundred dollars when their cars breakdown, someone gets sick, or they need to repair something in their home, without becoming trapped into a cycle of debt.

This bill seeks to protect struggling low-income Oregonians from bad actors who are taking advantage of gaps in previous legislation that were meant to protect consumers. HB 2089 addresses this and continues to provide a path for loan seekers to get the temporary financial assistance, without trapping them into a never-ending financial crisis.

I urge your support in passing HB 2089.