



April 22, 2019

House Business and Labor  
Oregon State Legislature  
900 Court St NE  
Salem, OR 97301

Re: HB 2089

Chair Prozanski, Vice Chair Thatcher, and members of the committee,

Oregon Food Bank believes that no one should be hungry and that hunger starves the human spirit. We provide food assistance to anyone who needs it through our network of regional food banks, pantries and emergency meal sites. In an average month, an estimated 260,000 people in Oregon and Clark County, Washington receive food from a pantry.

Oregon Food Bank's mission is to end hunger and its root causes. We work on a number of issues that negatively impact households with low incomes and increases hunger and food insecurity. One of those issues is predatory lending practices. As a result, we support HB 2089 as originally drafted and urge your support.

More than ten years ago, we recognized the harmful impacts of payday loans on the people we serve. We were pleased to work closely with then-Speaker of the House Jeff Merkley and other organizations to pass state legislation to curtail harmful payday lending practices.

But still today, too many Oregonians are forced to make the impossible decision between feeding their families and taking out payday and other predatory loans with high rates and unreasonable terms. While these loans may meet a short term need to purchase groceries for a hungry stomach, or fix a car that allows someone to maintain their job, these loans carry terms that trap individuals in long-term debt at triple-digit interest rates and drain thousands of dollars from consumers and their communities. In fact, in Oregon, where payday loans can carry an annual percentage rate (APR) of 154 percent, payday lenders—mostly headquartered out of state—drain between \$9 million and \$13 million annually from Oregonians with low incomes and their communities (that's nearly the entire operating budget of Oregon Food Bank's hunger-relief efforts in the state).

Borrowers often pay back much more than they originally borrowed. We are proud to be a member of the Stop the Debt Trap Alliance of Oregon, which last month released a report that found that one-third of surveyed families with low incomes had a payday loan they couldn't pay without having to re-borrow. Additionally, through direct access to borrowers' bank accounts, lenders gain extreme leverage. The funds are collected directly on payday, regardless of whether the borrower can afford to buy groceries or pay utility bills.

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HB 2089 clarifies language that we thought existed ten years ago when we passed the first payday law; payday lenders must provide a seven-day “cooling off” period. They must wait at least seven days after a previous payday loan is paid before making another triple-digit interest rate loan.

Thank you for your time, service, and consideration.

Sincerely,

Jeff Kleen  
Public Policy Advocate  
Oregon Food Bank

