

HB 2561 -1, -2 STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

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Meeting Dates: 1/28, 2/18

WHAT THE MEASURE DOES:

The measure would stop state financial institutions established in states outside of Oregon from being able to rely on their home state laws when determining an allowable interest rate. The measure applies to consumer loans made after the effective date. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Business model of financial institutions would be effected
- Consumers would be effected

EFFECT OF AMENDMENT:

-1 The amendment clarifies that the borrower's location governs where the loan is made. It also clarifies that state-chartered banks are not allowed to export interest rates to loans made in Oregon.

Detailed Summary

The amendment removes language in the subsections of section 1 referring to 725.015 (3) (a-c) about residence and adds language to 725.015 (3) about residence.

The amendment adds a new section 3 so that 725.370 would have an exception for 725.015.

Sections 3 and 4 become sections 4 and 5.

-2 the amendment removes section 1 and 3 of the bill so that the bill specifies the requirements for applying for a license to make consumer finance loans in Oregon.

BACKGROUND:

Section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is meant to create an even playing field for state chartered banks and national banks. It does this by allowing for those federally insured state institutions to use the interest caps provided by the state they are from to serve customers in other states through federal preemption of state interest rate cap limits. Section 525 allows for states to opt out of federal preemption by statute. [section 521-525 of the Depository Institutions Deregulation and Monetary Control Act of 1980. 94 STAT. 164-167](#)

House Bill 2561 announces that the state of Oregon does not want any of the amendments set forth in section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 to apply to consumer finance loans made in Oregon. The measure establishes who the measure applies to and under what circumstances the measure applies as well as the requirements to apply for a license to make consumer finance loans in Oregon.