

**HB 2561 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Sosa

**House Committee On Commerce and Consumer Protection**

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**Action Date:** 02/18/25

**Action:** Do pass with amendments. (Printed A-Eng.)

**Vote:** 6-4-0-0

**Yeas:** 6 - Chaichi, Chotzen, Gomberg, Neron, Sosa, Walters

**Nays:** 4 - Cate, Osborne, Reschke, Wallan

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Andrew Hendrie, LPRO Analyst

**Meeting Dates:** 1/28, 2/18

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**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. It declares 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 and amends the requirements to apply for a license to make consumer finance loans in Oregon. The measure applies to consumer loans made after the effective date and takes effect on the 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Business model of financial institutions
- The rates that are offered to consumers

**EFFECT OF AMENDMENT:**

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.

**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](#)).