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January 28, 2025

House Committee on Commerce and Consumer Protection

Oregon State Capitol
900 Court St NE
Salem, OR 97301

Re: Support for HB 2561

Dear Chair Sosa, Vice Chairs Chaichi and Osborne, and Members of the Committee:

MESO urges your support for HB 2561, Opt Oregon Out of Predatory Interest Rates.

At MESO, our mission is to elevate under-resourced and excluded entrepreneurs to build resilience, equity and thriving communities through access to capital tailored business assistance and education. Small business owners, especially those who have been in business less than 2 years, must often find alternatives to mainstream banking to finance their business goals and thus are targeted with predatory loans. The small businesses owners MESO serves deserve strong consumer protection because they are critical to local, state and national economies.

A key provision of HB 2561 would opt Oregon out of Section 521 of federal banking law, the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA). Right now, DIDMCA allows state-chartered banks to export their interest limits to other states, often through online lenders. This loophole means that Oregonians are entering into loans with interest rates of 160% or more- much higher than Oregon's 36% cap.

Because we know that interest rate limits are the simplest and most effective protection against predatory lending, it is common sense to remove the loophole that usurps Oregon's current cap. Opting Oregon out of the DIDMICA provision will help safeguard fair lending practices statewide and protect Oregon small business owners from predatory lending.

We respectfully urge your support of HB 2561. Thank you for the opportunity to submit testimony and for your service to Oregon communities.

Sincerely,

Suzanne Veaudry Casaus

Education Program Manager



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