



CONSUMER ALLIANCE

of Oregon

January 28, 2025

House Committee on Commerce and Consumer Protection
Oregon State Capitol
900 Court St NE
Salem, OR 97301

RE: Support of HB 2561

Chair Sosa, Vice Chairs Chaichi and Osborne, and members of the Committee

We are writing to provide collective testimony on behalf of the Consumer Alliance of Oregon in support of HB 2561.

The Consumer Alliance of Oregon, composed of community-based organizations, nonprofits, subject matter experts, and national advocacy groups, works to champion the rights and interests of Oregon consumers. Our coalition prioritizes the needs of communities most harmed by predatory financial practices, including communities of color, low-income families, and older Oregonians.

A federal law, the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA), allows state-chartered banks to charge the interest rates permitted in their home state across the country. This loophole is exploited by predatory lenders who sidestep Oregon's consumer protections by charging more than 36% interest to Oregon consumers. Oregon can close the loophole by exercising its right to opt out of DIDMCA Section 521.

This bill, introduced by the Department of Consumer and Business Services' Division of Financial Regulation, **would prevent out-of-state banks from issuing loans with interest rates above Oregon's caps, safeguarding consumers from exploitative practices.**

Every Oregonian deserves fair and transparent practices when they engage with financial service providers, free from the exploitative tactics of predatory lenders. **Financial services should empower consumers, not trap them in cycles of unmanageable debt.**

Oregon has the opportunity to close the federal high-interest loophole and promote fair, transparent banking practices for all Oregonians. By opting out of DIDMCA Section 521, as Iowa and Puerto Rico have successfully done, Oregon can strengthen consumer protection by clarifying its interest rate cap and safeguard consumers from falling into cycles of financial

insecurity. **Passing this legislation will protect Oregonians from predatory lending practices and uphold the state's commitment to financial fairness and equity.**

Together, we can enforce common-sense interest rate caps, protect residents from debilitating debt, and create a financial system that works for everyone—not just lenders.

We urge your support of HB 2561 and thank you for your service to Oregon communities.

Members of the Consumer Alliance of Oregon:

Bienestar	Leukemia & Lymphoma Society	Oregon Health Equity Alliance
Centro Cultural	Micro Enterprise Services of	OSPIRG
DevNW	Oregon (MESO)	Reimagine Oregon
Latino Community Association	NAYA Action Fund	suma
Oregon Consumer Justice	Oregon Food Bank	Neighborhood Partnerships
Disability Rights Oregon	Oregon Consumer League	

About the Consumer Alliance of Oregon

The Consumer Alliance of Oregon champions the rights and interests of consumers across the state of Oregon by building the power and broad support needed to pass pro-consumer legislation. We prioritize the needs of communities, who have been and continue to be, most harmed by predatory practices.