

February 4, 2025

Senate Committee On Labor and Business
Oregon State Capitol
900 Court St NE
Salem, OR 97301

Re: Opposition to SB 481

Dear Chair Taylor, Vice-Chair Bonham, and Members of the Committee:

As state and national organizations who work on economic justice, consumer justice, and working family issues we strongly oppose SB 481.

This bill is an industry initiative designed to exempt earned wage/income access (EWA) products from state lending laws while failing to provide meaningful consumer protections. This bill risks perpetuating the cycle of reborrowing and undermines existing consumer safeguards. The Oregon Legislature has done a lot of work in past sessions to provide protections in the payday loan space, and this bill would undermine those protections by allowing payday loans by another name in Oregon.

Specifically, we are concerned that:

- The bill does not require EWA providers to verify that wages have been earned, enabling direct-to-consumer EWA models that resemble payday loans delivered via smartphone apps.
- Exempts EWA transactions from Oregon's credit regulations, leaving consumers without adequate protections.
- EWA companies use pressure tactics to solicit electronic "tips" from consumers in this space, and these gratuities are excluded from their definition of a fee, meaning fee caps do not apply to them. The Consumer Financial Protection Bureau (CFPB) equates these tips to fees which should be capped.
- The industry frequently highlights the "free option" as a consumer benefit, but many consumers turn to these products due to immediate financial needs which forces them to pay for instant advances, rendering this provision ineffective.
- Authorizes EWA lenders to automatically debit users' bank accounts, which can lead to overdraft fees. Research from the Center for Responsible Lending (CRL) shows that increases in overdrafts occur when users adopt EWA products.

- Reimbursement is limited to instances where the lender makes a mistake. It ignores broader financial risks posed to consumers, such as the common occurrence where a user lacks sufficient funds.
- The \$7 transaction fee cap, excluding tips, is insufficient to prevent excessive costs for consumers and provide meaningful consumer protection.

Don't open the door to the next generation of payday loans. We urge you to oppose SB 481.

