

**Corrected****Carrier:** Rep. Sosa**HB 4116 STAFF MEASURE SUMMARY****House Committee On Commerce and Consumer Protection****Action Date:** 02/10/26**Action:** Do pass.**Vote:** 6-4-0-0**Yeas:** 6 - Chaichi, Chotzen, Gomberg, Sosa, Walters, Wise**Nays:** 4 - Cate, Osborne, Reschke, Wallan**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Andrew Hendrie, LPRO Analyst**Meeting Dates:** 2/3, 2/10**WHAT THE MEASURE DOES:**

The measure would stop state financial institutions established in states other than Oregon from being able to rely on their home state's 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. It takes effect on the 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Availability of emergency funds
- Alternative regulatory approaches to address loans exceeding a 36 percent rate
- Enforcement actions by the Department of Consumer and Business Services

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is intended 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)

Currently, federal law allows state banks to use the rate caps from the states in which they are registered when doing business in Oregon. House Bill 4116 gives Oregon the authority to opt out of the federal law that creates this preemption, allowing Oregon to enforce its own rate cap.

***SMS reissued 2/16/26 to correct clerical errors made on the vote count and the Carrier name.***