

**HB 4116 STAFF MEASURE SUMMARY**

**Carrier:** Sen. Neron Misslin, Sen. Campos

**Senate Committee On Labor and Business**

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**Action Date:** 02/25/26  
**Action:** Do pass.  
**Vote:** 3-2-0-0  
**Yeas:** 3 - Campos, Patterson, Taylor  
**Nays:** 2 - Drazan, Hayden  
**Fiscal:** Has minimal fiscal impact  
**Revenue:** No revenue impact  
**Prepared By:** Whitney Perez, LPRO Analyst  
**Meeting Dates:** 2/23, 2/25

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**WHAT THE MEASURE DOES:**

The measure declares that the State of Oregon does not want 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. The measure specifies that a person is subject to Oregon Revised Statutes (ORS) Chapter 725 (consumer finance) if the person is in the business of making consumer finance loans of \$50,000 or less or if the person acts as an agent, broker, or facilitator for a person in the business of making consumer finance loans of \$50,000 or less to Oregon consumers who meet specified criteria. It modifies the requirements of an application for a license to make certain consumer finance loans in Oregon. The measure applies to consumer finance loans made in Oregon on or after the effective date. It takes effect on the 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Potential impact of the measure on lenders and consumers
- Current interest rate in Oregon for consumer finance loans under \$50,000, plus allowable fees
- Availability of subprime consumer finance loans in Oregon
- Need for emergency funds
- Meaning and lawfulness of “rent-a-bank schemes”
- Interest rates charged by out-of-state lenders for consumer finance loans
- Current status of litigation in Colorado based on similar legislation
- The measure not impacting national banks governed by the National Bank Act

**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 federally insured state institutions to use the interest caps provided by their home state 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 (see 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.