



## **CPPP APPLAUDS BIPARTISAN EFFORT TO REFORM PAYDAY AND AUTO TITLE LENDING**

Over the past several years, unregulated and high-cost, short-term lending has taken a toll on Texas consumers and communities. Without state oversight, Texas consumers do not have basic protections against abusive lending practices or a way to escape the cycle of debt which traps Texans with unlimited fees. The 82nd Legislature has a unique opportunity to address these problems by enacting House Bill (HB) 2592, 2593, and 2594.

### **82nd Legislature Poised to Take Historic Step to Address Short-Term Lending**

Across Texas city councils and local jurisdictions have attempted to regulate predatory lending but can only do so much with their local authority. Now the Texas Legislature is acting to create a statewide regulatory structure that would protect consumers while maintaining access to short-term credit.

In partnership with a broad range of groups around the state, the Center for Public Policy Priorities (CPPP) supports Chair Vicki Truitt's trio of bills (HB 2592, 2593, 2594) to create basic protections for Texans needing short-term credit.

Under current law, storefront payday and auto title lenders need only register as Credit Service Organizations (CSOs), thereby avoiding any meaningful state regulation or oversight. As a result, Texas consumers currently have virtually no protections from this unregulated lending that often leads to a vicious cycle of debt. The status quo is too exploitative to continue any longer.

Because of the lack of any meaningful consumer protections under current law, CPPP urges the 82nd Legislature to address short-term lending reform through Chair Truitt's comprehensive approach:

- HB 2592 requires meaningful disclosures and information for consumers taking out short-term loans.
- HB 2593 intends to stop the cycle of debt through limitations on rollovers and loan size based upon a consumer's ability to repay.
- HB 2594 establishes licensing and oversight by the Office of Consumer Credit Commissioner and creates an innovative financial education and asset building platform.

These bills essentially represent a negotiated compromise between consumer advocates and members of the short-term lending industry, guided and encouraged by Chair Truitt. More importantly, these bills only work in tandem with each other, so it's critical that all three bills pass to protect consumers and create accountability in the short-term lending market.

We strongly urge the 82nd Legislature to enact meaningful short-term lending reform to create "rules of the road" and provide basic protections for Texans and their communities.