

Ohioans *for* Payday Loan Reform

Ohio Senate Leadership Preparing To Gut Payday Loan Reform

***Reform advocates disappointed Sen. Huffman siding with payday lenders;
Call on Senate President Obhof to remove Huffman from process***

COLUMBUS – June 21, 2018 – Proponents of payday loan reform in Ohio are disappointed that Sen. Matt Huffman, R-Lima, is trying to severely water down House-approved legislation that would bring much-needed changes to the payday lending industry, attempting to ram through a substitute bill that benefits payday lenders.

Ohio Senate President Larry Obhof, R-Medina, designated Huffman as the point man to help steer the reform bill in the Senate. Yet Huffman is a longtime defender of payday lenders. Huffman is one of the only senators who opposed both payday loan reform bills that came up during their time in the legislature.

Now Huffman is opposing the proven fix at the heart of House Bill 123, legislation that passed the Ohio House with bipartisan support earlier this month by a vote of 71-17. Huffman today outlined plans to neuter the bill by removing essential provisions, such as requiring affordable payments based on a borrower's income, instead allowing loans with unaffordable payments to dominate, but using a database to ration the loans.

"Senator Huffman is taking these ideas straight out of the payday lenders' playbook," said Carl Ruby, a leader of the statewide coalition Ohioans for Payday Loan Reform. "He is gutting the consumer protections of HB123 - affordable payments, fees capped at half of the loan principal, enough time to repay - and replacing them with the failed policies that payday lenders prefer."

Ruby noted:

- Huffman is calling for loans with a 360% APR, which Ruby called unacceptable. That rate is not, as Huffman told the Senate Finance Committee 'the most progressive' or anywhere near the lowest in the country.
- Huffman's pro-industry ideas were created behind closed doors and sprung upon supporters of payday loan reform at the last possible moment. He sought no input from consumer groups or HB123 co-sponsor Rep. Kyle Koehler until after he was quoted in a Cleveland.com article. Ruby asked: "Why didn't Sen. Huffman share the details of his proposal until the last minute? How closely has he been working with the payday loan industry to gut the legislation passed overwhelmingly by the House?"

- Huffman's proposals make no provisions for affordable payments, but his suggestions are consistent with recommendations of lenders to former Speaker Cliff Rosenberger during the House interested party meetings.

Huffman's secretive pro-payday industry approach follows more than a year of stonewalling on reforms by former Ohio House Speaker Cliff Rosenberger, who resigned amid reports that he had taken trips with payday loan lobbyists that had attracted the interest of the FBI.

"The flagrant disregard of this bipartisan reform legislation is once again making itself seen in the halls of the Statehouse," said Ruby. "The problems have now moved from the House to the Senate, where leadership apparently has no interest in real reform. These amendments are a giveaway to payday lenders and an invitation to the payday lending industry to go on gouging Ohio families.

Ruby says it's "not right" that a longtime opponent of payday loan reform – Huffman – has been tasked with attempting to rewrite a carefully crafted bipartisan bill at the last minute.

Ruby said he and other coalition members "appreciate President Obhof's public statements that he supports reform, but if he is serious about that, then he needs to remove the fox from the henhouse and designate a person who is supportive of the basic protections in HB123."

Added Michal Marcus of the Hebrew Free Loan Association: "We've finally emerged from a yearlong, intense collaboration to get this done in the House. Senate President Obhof has said in recent weeks his caucus believed 'people shouldn't be trapped in a spiral of debt.' I respectfully ask Sen. Obhof to remove Sen. Huffman from a pivotal role on this bill. Sen. Huffman's proposals certainly don't address the need to create loan affordability and stop crippling debt traps.

"The Senate already has before it a reasonable, compromise bill in HB 123 that will allow for consumer credit access while eliminating an abusive system that has trapped countless Ohioans in debt and misery over the last decade. It's time to pass HB 123," she said.

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