Ohioans *for*
Payday Loan Reform

For Immediate Release

Ohio House Passes Payday Loan Reform Bill; Focus Now Moves To Ohio Senate

COLUMBUS – June 7, 2018 – The Ohio House of Representatives today passed legislation that would lead to significant and long overdue reforms of the payday loan industry in Ohio.

House Bill 123 (HB 123) passed by a vote of 71-16 with bipartisan support.

Ohioans for Payday Loan Reform, a coalition of more than 100 business, faith, veteran and community leaders and borrowers from across the state, thanked the Ohio House and called for swift approval by the Ohio Senate.

"We want to thank the Ohio House for finally recognizing that there is a much safer way to make small dollar loans available for Ohioans," said Michal Marcus, Executive Director of the Hebrew Free Loan Association of Northeast Ohio and one of the payday loan reform coalition's leaders.

"We urge the Ohio Senate to take up HB 123 next week," she added. "We anticipate that payday lending industry lobbyists will continue their full-court press to stop this reasonable bill so that their clients can continue extracting millions of dollars from our communities. Each day this issue goes unresolved, it costs Ohioans $200,000, so we hope the Ohio Senate will recognize the urgency of fixing Ohio's broken payday loan laws sooner rather than later."

State Rep. Kyle Koehler, R-Springfield, a co-sponsor of the bipartisan bill with Rep. Mike Ashford, D-Toledo, thanked his colleagues for voting to pass these "much-needed reforms."

"Ohio families deserve access to safe and affordable credit, not loans that trap them in a cycle of high-cost debt. By passing this careful compromise, my colleagues have made a statement that we will fight for hard-working people who are struggling to make ends meet. I respectfully ask that leadership in the Ohio Senate now take up this well-thought out legislation for discussion and, ultimately, speedy approval."

Today, payday loans in Ohio can carry annual percentage rates of 500 percent or more, and unaffordable payments trap families in debt. The bill builds on reforms that were approved in 2008 by approximately two-thirds of Ohioans who cast ballots. It would cap interest rates on payday loans at 28% and allow a maximum monthly fee of $20, providing affordable payments for borrowers and reasonable profits for lenders. The balanced legislation that passed the House would save Ohioans more than $75 million annually while preserving access to credit for borrowers.

Since 2008, lenders have circumvented the changes approved by voters. To avoid the rules, lenders have been brokering loans and adding hefty fees resulting in rates that are much higher than those charged by the same companies in other states.

Carl Ruby, a Springfield pastor and a leader of the Ohioans for Payday Loan Reform coalition, said House approval of the bill after years of work and hard-won compromise is gratifying.

“While some community leaders would have liked to see HB123 go even further, we’re of course pleased with the House vote and now we need to concentrate upon the Senate for approval,” Ruby said. “The Senate would be wise to pass this carefully crafted compromise that ensures borrowers can still have access to money and senators should disregard the special interests who want to water down reform or stop it altogether. The bill that passed today will make Ohio a better and fairer place.”

Mike McDorman, President and CEO of The Chamber of Greater Springfield, said the rates and fees now charged by payday lenders in Ohio are bad for business and bad for the state’s economy.

“Extreme payday loan prices are bad for business,” McDorman said. “They don’t leave Ohio families with enough money to pay their other bills and participate in their local economies. That’s why I have worked for more than two years to advance payday lending reforms that will balance the interests of consumers and businesses. We are pleased that the House has finally done the right thing.’’

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