

**ITEM 6C**

**DISCUSSION OF JOINING A  
CONSORTIUM OF CITIES OPPOSED TO  
HOUSE BILL 3081**

## **MEMORANDUM**

**To:** Members of the City Commission  
**From:** Lisa Agnor, City Manager  
**Date:** May 17, 2017  
**Subject:** Discussion of Joining a Consortium of Cities Opposed to House Bill 3081

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This item has been placed on the agenda at the request of Commissioner Beil. We have attached information provided by Commissioner Biel regarding House Bill 3081.

## Texas Legislature Online History

**Bill:** HB 3081      **Legislative Session:** 85(R)      **Council Document:** 85R 11037 TSR-F

**Last Action:**      *05/01/2017 H Committee report sent to Calendars*

**Caption Version:**      House Committee Report

**Caption Text:**      Relating to the regulation of persons and business activities subject to regulation by certain finance agencies.

**Author:**      Capriglione | Guillen | Springer

**Cosponsor:**

**Subjects:**      Business & Commerce--General (I0050)  
Financial--General (I0365)  
Occupational Regulation--Other Trades & Professions (I0541)

**House Committee:**      Investments & Financial Services

**Status:**      Out of committee

**Vote:**      Ayes=4   Nays=2   Present Not Voting=0   Absent=1

**Actions:** (descending date order)

	Description	Comment	Date▼	Time	Journal Page
H	Committee report sent to Calendars		05/01/2017		
H	Committee report distributed		04/30/2017	12:26 PM	
H	Comte report filed with Committee Coordinator		04/28/2017		2188
H	Reported favorably w/o amendment(s)		04/28/2017		
H	Considered in formal meeting		04/28/2017		
H	Left pending in committee		04/11/2017		
H	Testimony taken/registration(s) recorded in committee		04/11/2017		
H	Considered in public hearing		04/11/2017		
H	Scheduled for public hearing on . . .		04/11/2017		
H	Referred to Investments & Financial Services		03/27/2017	05:19 PM	864
H	Read first time		03/27/2017		864
H	Filed		03/07/2017		

### **Example Ordinance Disclaimer (Ordinance Link Below)**

In response to the state legislature's failure to adopt any substantive statewide regulation of credit access businesses, a handful of cities have adopted ordinances aimed at ending the cycle of debt and helping borrowers to be successful in paying back their loans. As of the spring of 2013, the cities that adopted ordinances were Austin, Balcones Heights, Dallas, Denton, El Paso, and San Antonio. There are likely to be more at the time of this publication. All of these cities – except for Balcones Heights – have been sued by the credit access business industry, with the industry claiming that the cities are preempted from regulating credit access businesses since the legislature gave the OCCC some authority to regulate in 2011. (Balcones Heights has suspended enforcement of its ordinance pending the outcome of the San Antonio lawsuit.)

When payday and auto title lenders argued before the legislature for preemption of all city ordinances regulating credit access businesses, chief among their policy arguments was the notion that it would be too administratively difficult to keep track of the different "patchwork of regulation" that exists from city to city. This argument falls flat in two ways. First, only six out of roughly 1,200 Texas cities have adopted ordinances. Second, the ordinances adopted by these six cities are all but identical in how they regulate the lending practices of credit access businesses. Key features of all six ordinances include the following provisions:

- A credit access business must apply for and receive a certificate of registration from the city.
- A credit access business must maintain complete records of all loans made by the business for at least three years and make the records available to the city for inspection upon request.
- The amount of a payday loan may not exceed 20 percent of the consumer's gross monthly income.
- The amount of an auto title loan may not exceed the lesser of three percent of the consumer's gross annual income or 70 percent of the retail value of the motor vehicle.
- Any loan from a credit access business that provides for repayment in installments may not be payable in more than four installments, and the proceeds from each installment must be used to repay at least 25 percent of the principal amount of the loan. No renewals or refinancing of installment-payment loans are permitted.
- Any loan from a credit access business that provides for a single lump sum repayment may not be refinanced or renewed more than three times, and the proceeds from each refinancing or renewal must be used to repay at least 25 percent of the principal amount of the loan.
- Any loan made to a consumer within seven days of a previous loan has been paid by the consumer constitutes a refinancing or renewal.

Cities contemplating the adoption of an ordinance regulating the lending practices of credit access businesses should consider adopting substantially similar regulations to those adopted by the six cities mentioned above. If Texas cities that wish to regulate in this area continue to adopt essentially uniform ordinances, credit access businesses will not be able to use the argument that city ordinances vary from city-to-city if they seek preemption legislation in 2015.

City officials should be aware that adoption of any ordinance regulating credit access businesses will likely cause stakeholders representing the payday and auto title lending industry to file a lawsuit.

Each city should consult with local legal counsel prior to adopting any ordinance. That is particularly true in this instance.

**[Click here for Example Ordinance](#)**

**[\(/p/Payday%20Lending%20Word%20Version%20Ordinance%20Exam](#)**

**[Updates \(/payday-updates\)](#)**

**[Helpful Links \(/payday-helpful-links\)](#)**

**[Lawsuit Proceedings \(/payday-lawsuit-pleadings\)](#)**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF \_\_\_\_\_ SETTING FORTH  
REGISTRATION REQUIRMENTS AND CREDIT EXTENSION GUIDELINES  
FOR CREDIT ACCESS BUSINESSES AND PROVIDING A PENALTY.**

**WHEREAS**, certain credit access businesses engage in abusive and predatory lending practices, offering easy money to those members of our community who are in a tight spot with onerous terms and fees; and

**WHEREAS**, the practices of certain access businesses cause members of our community to become trapped in a cycle of short term, high interest loans resulting in large debt and huge payments; and

**WHEREAS**, the Pew Charitable Trusts, in their publication entitled *Payday Lending in America: Who Borrows, Where they Borrow, and Why*, (July 2012), wrote that “payday loans are sold as two-week credit products that provide fast cash, but borrowers are actually indebted for an average of five months per year.” The report further noted that “on average, a borrower takes out eight loans of \$375 each per year and spends \$520 on interest;” and

**WHEREAS**, the Pew Charitable Trusts, in their publication entitled *Payday Lending in America: Who Borrows, Where they Borrow, and Why*, (July 2012), also noted: “How much borrowers spend on loans depends heavily on the fees permitted by their state. The same \$500 storefront loan would generally cost about \$55 in Florida, \$75 in Nebraska, \$87.50 in Alabama, and \$100 in Texas, even if it were provided by the same national company in all those states. Previous research has found that lenders tend to charge the maximum permitted in a state;” and

**WHEREAS**, the Pew Charitable Trusts, in their publication entitled *Payday Lending in America: Who Borrows, Where they Borrow, and Why*, (July 2012), also stated that “the vast majority of borrowers use the loans on a long-term basis, not temporary one. Thus it seems that the payday loan industry is selling a product few people use as designed and that imposes debt that is consistently more costly and longer lasting than advertised;” and

**WHEREAS**, the Community Financial Services Association of America (CFSA), the national trade association for companies that offer small dollar, short-term loans or payday advances includes the following in the “Member Best Practices” as listed on its internet site (<http://cfsaa.com/cfsa-member-best-practices.aspx>): “Members shall not allow customers to rollover a payday advance (the extension of an outstanding advance by payment of only a fee) unless expressly authorized by state law, but in such cases where authorized will limit rollovers to four or the state limit, whichever is less.” The need for consumer understanding was also outlined on this website: “A contract between a member and the customer must fully outline the terms of the payday advance

transaction. Members agree to disclose the cost of the service fee both as a dollar amount and as an annual percentage rate (“APR”);” and

**WHEREAS**, the Center for Responsible Lending, a non-profit, non-partisan organization, states on its internet site (<http://www.responsiblelending.org/other-consumer-loans/tools-resources/fast-facts.html>) that: “car title loans are based on the value of a borrower’s car - the ability to repay the loans is not factor in the lending decision...”; “loan rates for a car title are typically 20-30 times that of rates charged by credit card issuers...”; “the average car title customer renews their loan 8 times...”; and, “on a \$500 title loan, this average customer will pay back \$650 in interest over eight months; the principal borrowed will be in addition;” and

**WHEREAS**, lenders hold onto the motor vehicle title and when borrowers cannot continue to pay the fees, they can lose their vehicles, which can drastically affect the borrower’s means of transportation for work and other essential household functions.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF \_\_\_\_\_:**

**Section 1. Chapter \_\_\_\_ - CREDIT ACCESS BUSINESSES**

**\_\_\_\_.010- Short Title and Purpose.**

- (a) This article may be known and cited as “Credit Access Businesses Regulation.”
- (b) The purpose of this article is to protect the welfare of the citizens of the City of \_\_\_\_\_ by monitoring credit access businesses in an effort to reduce abusive and predatory lending practices. To this end, this article establishes a registration program for credit access businesses, imposes restrictions on extensions of consumer credit made by credit access businesses, and imposes recordkeeping requirements on credit access businesses.

**\_\_\_\_.020- Definitions.**

As used in this chapter:

- (1) **CERTIFICATE OF REGISTRATION** means a certificate of registration issued by the director under this article to the owner or operator of a credit access business.
- (2) **CONSUMER** means an individual who is solicited to purchase or who purchases the services of a credit access business.
- (3) **CONSUMER’S LANGUAGE OF PREFERENCE** is the language the consumer understands best.
- (4) **CREDIT ACCESS BUSINESS** has the meaning given that term in Section 393.601 of the Texas Finance Code.

- (5) DEFERRED PRESENTMENT TRANSACTION has the meaning given that term in Section 393.601 of the Texas Finance Code.
- (6) DIRECTOR means the director of the department designated by the City Council, City Manager, or City Councilor City Manager's Designee, to enforce and administer this chapter.
- (7) EXTENSION OF CONSUMER CREDIT has the meaning given that term in Section 393.001 of the Texas Finance Code.
- (8) MOTOR VEHICLE TITLE LOAN has the meaning given that term in Section 393.601 of the Texas Finance Code.
- (9) PERSON means any individual, corporation, organization, partnership, association, financial institution, or any other legal entity.
- (10) REGISTRANT means a person issued a certificate of registration for a credit access business under this chapter and includes all owners and operators of the credit access business identified in the registration application filed under this chapter.
- (11) STATE LICENSE means a license to operate a credit access business issued by the Texas Consumer Credit Commissioner under Chapter 393, Subchapter G of the Texas Finance Code.

**\_\_\_\_.030- Violations; Penalty**

- (a) A person who violates a provision of this chapter, or who fails to perform an act required of the person by this chapter, commits an offense. A person commits a separate offense for each and every violation relating to an extension of consumer credit, and for each day during which a violation is committed, permitted, or continued.
- (b) An offense under this chapter is punishable by a fine of not more than \$500.
- (c) A culpable mental state is not required for the commission of an offense under this article and need not be proved.
- (d) The penalties provided for in Subsection (b) are in addition to any other remedies that the city may have under city ordinances and state law.

**\_\_\_\_.040- Defenses**

It is a defense to prosecution under this article that at the time of the alleged offense the person was not required to be licensed by the state as a credit access business under Chapter 393, Subchapter G, of the Texas Finance Code.

**\_\_\_\_.050- Registration Required**

A person commits an offense if the person acts, operates, or conducts businesses as a credit access business without a valid certificate of registration. A certificate of registration is required for each physically separate credit access business.

**\_\_\_\_.060- Registration Application**

(a) To obtain a certificate of registration for a credit access business, a person must submit an application on a form provided for that purpose to the director. The application must contain the following:

- (1) The name, street address, mailing address, facsimile number, and telephone number of the applicant.
- (2) The business or trade name, street address, mailing address, facsimile number, and telephone number of the credit access business.
- (3) The names, street addresses, mailing addresses, and telephone numbers of all owners of the credit access business, and the nature and extent of each person's interest in the credit access business.
- (4) A copy of a current, valid state license held by the credit access business pursuant to Chapter 393, Subchapter G of the Texas Finance Code.
- (5) A copy of a current, valid certificate of occupancy showing that the credit access business is in compliance with the City of \_\_\_\_\_ Code.
- (6) A non-refundable application fee for the amount established.

(b) An applicant or registrant shall notify the director within 45 days after any material change in the information contained in the application for a certificate of registration, including, but not limited to, any change of address and any change in the status of the state license held by the applicant or registrant.

**\_\_\_\_.070- Issuance and Display of Certificate of Registration; Presentment upon Request.**

(a) The director shall issue to the applicant a certificate of registration upon receiving a completed application under Section \_\_\_\_\_.060

(b) A certificate of registration issued under this section must be conspicuously displayed to the public in the credit access business. The certificate of registration must be presented upon request to the director or any peace officer for examination.



**\_\_\_\_.080- Expiration and Renewal of Certificate of Registration.**

(a) A certificate of registration expires on the earliest of:

(1) One year after the date of issuance; or

(2) The date of revocation, suspension, surrender, expiration without renewal, or other termination of the registrant's state license.

(b) A certificate of registration may be renewed by making application in accordance with Section \_\_\_\_060. A registrant shall apply for renewal at least 30 days before the expiration of the registration.

**\_\_\_\_.090- Non-transferability.**

A certificate of registration for a credit access business is not transferable.

**\_\_\_\_.100- Maintenance of Records.**

(a) A credit access business shall maintain a complete set of records of all extensions of consumer credit arranged or obtained by the credit access business, which must include the following information:

(1) The name and address of the consumer.

(2) The principal amount of cash actually advanced.

(3) The length of the extension of consumer credit, including the number of installments and renewals.

(4) The fees charged by the credit access business to arrange or obtain an extension of consumer credit; and

(5) The documentation used to establish a consumer's income under Section \_\_\_\_110 of this ordinance.

(b) A credit access business shall maintain a copy of each written agreement between the credit access business and a consumer evidencing an extension of a consumer credit (including, but not limited to, any refinancing or renewal granted to the consumer).

(c) A credit access business shall maintain copies of all quarterly reports filed with the Texas Consumer Credit Commissioner under Section 393.627 of the Texas Finance Code.

(d) The records required to be maintained by a credit access business under this section must be retained for at least three years and made available for inspection by the city upon request during the usual and customary business hours of the credit access business.

**\_\_\_\_.110- Restriction on Extension of Consumer Credit.**

(a) The cash advanced under an extension of consumer credit that a credit access business obtains for a consumer or assists a consumer in obtaining in the form of a deferred presentment transaction may not exceed 20 percent of the consumer's gross monthly income.

(b) The cash advanced under an extension of consumer credit that a credit access business obtains for a consumer or assists a consumer in obtaining in the form of a motor vehicle title loan may not exceed the lesser of:

(1) Three percent of the consumer's gross annual income; or

(2) 70 percent of the retail value of the motor vehicle.

(c) A credit access business shall use a paycheck or other documentation establishing income to determine a consumer's income.

(d) An extension of consumer credit that a credit access business obtains for a consumer or assists a consumer in obtaining and that provides for repayment in installments may not be payable in more than four installments. Proceeds from each installment must be used to repay at least 25 percent of the principal amount of the extension of consumer credit. An extension of consumer credit that provides for repayment in installments may not be refinanced or renewed.

(e) An extension of consumer credit that a credit access business obtains for a consumer or assists a consumer in obtaining and that provides for a single lump sum repayment may not be refinanced or renewed more than three times. Proceeds from each refinancing or renewal must be used to repay at least 25 percent of the principal amount of the original extension of consumer credit.

(f) For purposes of this section, an extension of consumer credit that is made to a consumer within seven days after a previous extension of consumer credit has been paid by the consumer will constitute a refinancing or renewal.

**\_\_\_\_.120- Requirement of Consumer Understanding of Agreement.**

(a) Every agreement between the credit access business and a consumer evidencing an extension of consumer credit (including, but not limited to, any refinancing or renewal granted to the consumer), must be written in the consumer's language of preference. Every credit access business location must maintain on its premises, to be available for use by consumers, agreements in the English and Spanish languages.

(b) For every consumer who cannot read, every agreement between the credit access business and a consumer evidencing an extension of consumer credit (including, but not

limited to, any refinancing or renewal granted to the consumer) must be read to the consumer in its entirety in the consumer's language of preference, prior to the consumer's signature.

(c) For every consumer who cannot read, every disclosure and notice required by law must be read to the consumers in its entirety in the consumer's language of preference, prior to the consumer's signature.

**\_\_\_\_.130- Referral to Consumer Credit Counseling.**

A credit access business shall provide a form, to be prescribed by the Director, to each consumer seeking assistance in obtaining an extension of consumer credit which references non-profit agencies that provide financial education and training programs and agencies with cash assistance programs. The form will also contain information regarding extensions of consumer credit, and must include the information required by \_\_\_\_\_.100(a)(1)-(5) of this ordinance specific to the loan agreement with the consumer. If the Director has prescribed a form in the consumer's language of preference, the form must be provided in the consumer's language of preference.

**Section 2.** Should any article, section, part, paragraph, sentence, phrase, clause, or word of this ordinance, for any reason be held illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained be held to be unconstitutional or invalid or ineffective, the remainder shall, nevertheless, stand effective and valid as if it had been enacted and ordained without the portion held to be illegal, inoperative, unconstitutional, invalid, or ineffective.

**Section 3.** This ordinance shall take effect \_\_\_\_\_, 2013

**ADOPTED THIS** \_\_\_\_ day of \_\_\_\_\_ 2013.

**CITY OF** \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

# Payday and Auto Title Lending in Texas

## State of Texas 2015

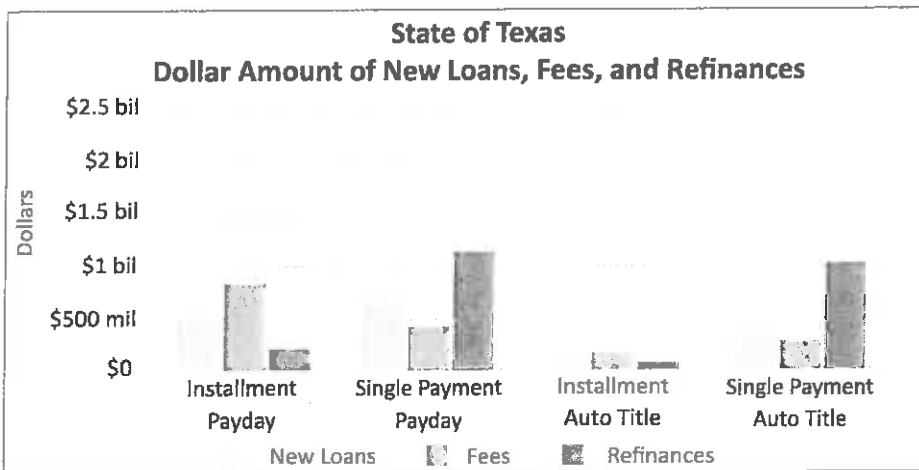


- **Store Locations:** 2,532
- **New Loans:** \$1,686,778,091
- **Fee Charges:** \$1,673,187,036
- **Refinances:** \$2,417,425,381
- **Repossessions (Auto Title):** 37,296, or 717 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

### Refinances and High Fees Continue to Drive Costs

Payday and auto title businesses in Texas offer two main loan types: single payment loans, due in full in 2 weeks or 1 month, and installment loans, due in a series of payments over a period of up to 6 months. Longer loan terms mean installment loans have fewer refinances, but even higher fees.

- **Statewide, refinances make up 59% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.58 in fees for every dollar borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$589 to \$1,354. For borrowers who refinance, the average cost to repay a \$500 loan can reach over \$3,000.** Average APRs for payday and auto title loans in Texas range from 216% to 567% (see table on back).



Texas  
APPLESSED

Source: Texas Appleseed's analysis of Texas Office of Consumer Credit Commissioner 2014 and 2015 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2015, and includes only active licensed locations in Texas.

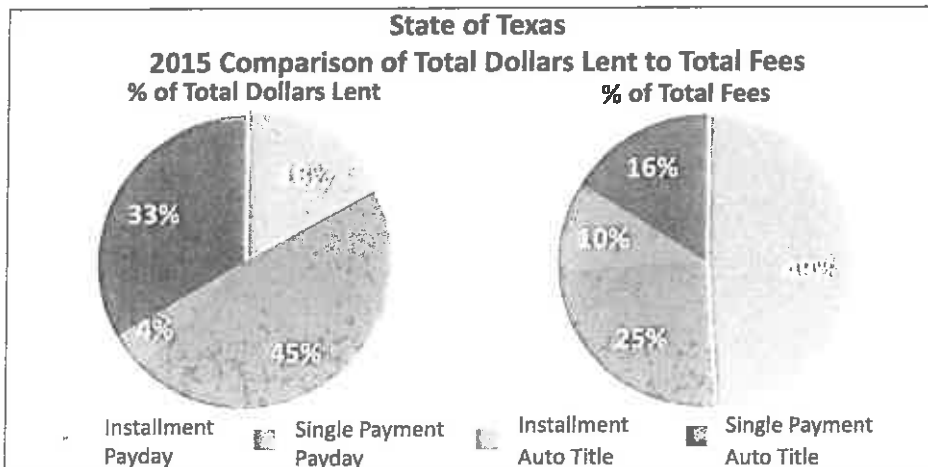
# Payday and Auto Title Lending in Texas

## Texas at a Glance: Profile of Loan Terms and Repayment, \$500 Loan

	Installment Payday	Single Payment Payday	Installment Auto Title	Single Payment Auto Title
Average Loan Term (Days)	160	19	169	30
Average Fees per \$100	\$166.38	\$23.58	\$89.91	\$16.96
Ave. Annual Percentage Rate (APR)	567%	463%	314%	216%
Amount Repaid with No Refinances	\$1,353.77	\$620.50	\$972.65	\$588.90
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	6.59%	47.21%	10.12%	49.37%
Average Refinances per Borrower	4.01	5.49	4.44	5.82
Amount Repaid with Ave. Refinances	\$4,773.48	\$1,282.20	\$3,073.08	\$1,106.66

### Installment Payday Loans Top Fee Driver

Installment payday loans made up 17% of the total dollars lent for 2015, but 49% of fee charges. For the second year in a row, installment payday loans held the biggest percent share of total fees compared with other loan types. Average loan terms for installment payday loans increased from 152 days in 2014 to 160 days in 2015, paralleling an increase in fees per \$100 borrowed from \$150.69 to \$166.38. Average loan terms for installment auto title loans decreased from 191 days in 2014 to 169 days in 2015, paralleling a decrease in fees per \$100 borrowed from \$96.48 to \$89.91. Depending on the loan terms, fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions. Overall, the dollar amount of new loans increased by 1% from 2014 to 2015, refinances decreased by 7%, and total fee charges increased by 9%.



Texas  
APPLESEED

Source: Texas Applesseed analysis of Texas Office of Consumer Credit Commissioner 2014 and 2015 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2015, and includes only active licensed locations in Texas.

## Search Results

License Number	Business Sub Type	Master File Number	Business Name	Status
62274	Credit Access Business	8746	EZMONEY LOAN SERVICES	Surrendered
60185	Credit Access Business	16379		Active
59736	Credit Access Business	16334		CANCELLED-NON-RENEWABLE
60364	Credit Access Business	16381	ADVANCE AMERICA	Active
60628	Credit Access Business	16398	CHECK N GO	Active
62347	Credit Access Business	16458	CASHMAX	CANCELLED-NON-RENEWABLE
62408	Credit Access Business	16467	TEXAS THRIFTY LOANS	Active
63571	Credit Access Business	16984		Revoked
63215	Credit Access Business	18193	THE CASH STORE	Surrendered
59359	Credit Access Business	1400031541	THE CASH STORE	Active

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## Texas Cities that have Adopted the Unified Ordinance

<b>City</b>	<b>Date</b>
Dallas	2011
Austin	2011
San Antonio	2012
Universal City	2013
El Paso	2013
Houston	2013
South Houston	2013
Flower Mound	2013
Somerset	2013
Denton	2013
Balcones Heights	2013
Bellaire	2014
Bryan	2014
College Station	2014
West University	2014
Garland	2014
Baytown	2014
Midland	2014
Amarillo	2014
Brownsville	2014
Willis	2014
Socorro	2014
Pharr	2014
Seguin	2014
Angleton	
Galveston	2015
Corpus Christi	2015
Arlington	2015
Temple	2015
Mesquite	2015
Waco	2016
Killeen	2016
Longview	2016
Harker Heights	2016

Dickinson	
Eules	2016
Hurst	2016
Bedford	2016
San Angelo	2016
Cedar Hill	2016
Canyon	2017
DeSoto	2017

Updated May 2017



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## Payday & Auto Title Loans in Texas

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[ISSUE STUDY AND EXPLANATION](#) [TESTIMONY](#) [HISTORY OF LWV-TX ACTION](#)

Updates by **Stephanie Mace, Payday & Auto Title Loans in Texas Issue Chair**



2017 LWV-TX Payday & Auto Title Loans in Texas

### Action 5.5.17

## Defend the City Ordinances

We **MUST** stop HB 3081 from being placed on the House Calendar

HB 3081 would expand abusive payday lending and erase the hard-fought local protections in more than 40 Texas cities. Please call as many of the following committee members as you can, especially the leadership and those from North Texas, and relay the following message:

**“Hello. My name is \_\_\_\_\_ and I am calling to voice my opposition to House Bill 3081, which would expand abusive payday lending. Please keep HB 3081 off of the House calendar. Thank you for your work this session.”**

- Rep. Todd Hunter, Chair (Corpus Christi\*) 512.463.0672
- Rep. Donna Howard, Vice Chair (Austin\*) 512.463.0631
- Rep. Roberto R. Alonzo (Dallas\*) 512.463.0408
- Rep. Trent Ashby (Lufkin) 512.463.0508
- Rep. Byron Cook (Corsicana) 512.463.0730
- Rep. Sarah Davis (Houston\*, West University\*, Bellaire\*) 512.463.0389

- [The Consumer Financial Protection Bureau \(CFPB\) Seeks Comments on Proposed Payday & Auto Title Loan Rules \(9/2/16\) \(files/advocacy\\_paydayloans\\_the\\_consumer\\_financial\\_protection\\_bureau.pdf\)](#)

## COALITIONS AND RESOURCES

- [Texas Fair Lending Alliance \(http://www.texasfairlending.org\)](http://www.texasfairlending.org) The Alliance is a coalition of over 60 organizations and individuals working to transform the Texas payday and auto title loan market from one based on a cycle of debt, to one that thrives on a cycle of success.
- [Faith Leaders for Fair Lending \(http://faithleaders4fairlending.org\)](http://faithleaders4fairlending.org) A grassroots effort by people of faith to demand reform of the payday and auto-title lending industries in Texas; includes pastors, religious institutions, and other individuals
- [Texas Municipal League \(TML\) \(http://www.tml.org/payday-updates\)](http://www.tml.org/payday-updates) has developed an informational website to provide background and legal resources to cities on this issues. The resources include copies of the zoning and regulatory ordinances, a list of cities that have adopted the ordinances, and information on the lawsuits.
- [OCCC's Annual & Quarterly Reports of Credit Access Businesses \(http://occc.texas.gov/publications/activity-reports#cab\)](http://occc.texas.gov/publications/activity-reports#cab)
- [Texas Appleseed's Analysis of Payday & Auto-Title Lending Trends in Texas from 2012 + 2015 \(https://www.texasappleseed.org/sites/default/files/Payday-Auto-Title-Lending-Tx\\_MktOv-Trends2012-2015Rev.pdf\)](https://www.texasappleseed.org/sites/default/files/Payday-Auto-Title-Lending-Tx_MktOv-Trends2012-2015Rev.pdf)
- [Alternatives to Payday & Auto-Title Loans \(https://www.texasappleseed.org/sites/default/files/15-PDL-Alternatives.pdf\)](https://www.texasappleseed.org/sites/default/files/15-PDL-Alternatives.pdf)
- Watch the documentary "The Ordinance which follows a city as they consider taking action to protect its residents from payday and auto-title loans (<https://deidox.org/theordinance/>)

### League Resources

- [LWV-TX Facts & Issues \(files/StudyPayDayLoansFactsIssues.pdf\)](#)
- [LWV-TX References \(files/StudyPayDayLoansReferences.pdf\)](#)
- [LWV-TX Resources \(files/StudyPayDayLoansResources.pdf\)](#)
- [LWV-TX Study Report \(files/StudyPayDayLoansStudyReport.pdf\)](#)

## LWV-TX POSITION

### PAYDAY AND AUTO TITLE LOANS IN TEXAS--2016

*The League of Women Voters of Texas supports policies, legislation, and programs that enable a small dollar loan market that maintains access to affordable credit while safeguarding consumers. Payday and auto title loan businesses should be regulated so that they function both as a consumer service and a successful business.*

The League believes that a loan is affordable if the borrower can repay the loan and cover basic expenses without borrowing again or obtaining money from another source. Local governments should be able to regulate payday and auto title lending within their jurisdictions in order to achieve a viable small dollar loan market that provides consumer access to affordable credit and safeguards against predatory lending. Criminal charges and penalties for payday and auto title loans in default should continue to be explicitly prohibited by Texas law. The League supports:

- Consumer credit regulations that increase restrictions on short-term loans and require lenders to offer affordable loans,
- Financial education measures that increase the ability of consumers to successfully use small dollar loan financial

[Facts & Issues: Payday & Auto Title Loans in Texas \(files/StudyPayDayLoansFactsIssues.pdf\)](#). The report was published on the state League website and distributed electronically to League members. Print copies were provided to Texas state office holders, major donors, and other interested groups and individuals. Following numerous public forums and League consensus meetings across the state during fall 2015, a consensus was reached based on analysis of individual League consensus reports. The LWV-TX Board of Directors adopted the new position January 2016.

[Download/print position \(files/2016\\_02b\\_Action\\_News\\_PATLT.pdf\)](#)

## LWV U.S.

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None

## ACRONYMS: WHAT DOES THAT MEAN?

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- APR: Annual percentage rate
- CAB: Credit access business
- CFPB: Consumer Financial Protection Bureau
- CSO: Credit services organization
- OCC: Texas Office of Consumer Credit Commission
- MLA: Military Lending Act

## ISSUE STUDY AND EXPLANATION

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**Focus & Scope** Explore payday and auto title lending in Texas: historical background, the stakeholders, accessibility, demand, economics, policy options, related issues, and approaches to reform

**Explanation** League delegates to the 2014 LWV-TX Convention adopted a study of Payday and Auto Title Loans in Texas, reflecting intense scrutiny of payday and auto title loans at all levels of government and widespread discussion in the community and media that made it a compelling public policy issue. The study focused on current regulations of payday and auto title lenders in Texas, the accessibility and impact of these loans in the community, and options for small dollar loans for persons in need of immediate cash. A committee comprised of six League members from across the state conducted the study and produced [Facts & Issues: Payday & Auto Title Loans in Texas](#). The report was published on the state League website and distributed electronically to League members. Print copies were provided to Texas state office holders, major donors, and other interested groups and individuals. Following numerous public forums and League consensus meetings across the state during fall 2015, a consensus was reached based on analysis of individual League consensus reports. The LWV-TX Board of Directors adopted the new position January 2016.

## TESTIMONY

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2017

- [Payday Lending HB 1134 4.25.17 \(files/2017\\_testimony\\_payday\\_lending\\_hb\\_1134\\_4.25.17.pdf\)](#)
- [Pay Day Lending HB 3081 4.11.17 \(files/2017\\_testimony\\_pay\\_day\\_lending\\_hb\\_3081\\_4.11.17.pdf\)](#)

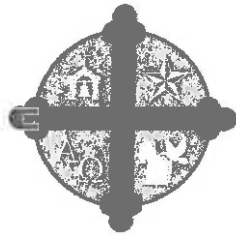
## HISTORY OF LWV-TX ACTION

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The Webmaster of League of Women Voters of Texas & its affiliated (hwt) Last revised: May 14, 2017 04:45 EDT



## Texas Catholic Conference of Bishops (<https://bxcatholic.org/>)

Serving the Church in Texas



(<http://www.bxcatholic.org/>)

# HB 3081: undermines hard-earned payday lending regulations in 42 Texas communities

April 11, 2017

*Jennifer Allmon*

The Texas Catholic Conference of Bishops opposes HB 3081.

HB 3081 seeks to prohibit local cities from establishing payday and auto-title lending regulations. On its surface, this bill violates the Catholic principal of subsidiarity, which notes that governmental decisions are best made by those closest to those impacted by the decisions – which in political terms is reflected by local control. The bill undermines the efforts of Catholic Bishops and pastors who have partnered with local officials in the face of state inaction on regulating the cycle of debt caused by payday and auto-title lending.

The bill results in preemption of 42 local payday and auto-title lending ordinances that Catholic Bishops throughout Texas have worked to pass in collaboration with other faith and community groups and local elected officials.

Proponents of the bill claim that it is in line with a court decision on the City of Austin ordinance, but that decision is currently on appeal and it would be premature to take legislative action based on one lost case out of 42 ordinances. Further, the ordinances in general remain on strong legal ground, based on the civil challenge that made it all the way up to the Texas Supreme Court and every court upheld the ordinances. In particular, the court ruling on the Dallas ordinance was strong and clearly reasoned. In addition, other municipal courts have upheld the ordinance and the Austin ruling is an outlier that is far from finally decided.

We recognize that it is legitimate to protect the livelihood of working Texans, but it is precisely this concern which moves us to oppose this bill: the TCCB has worked for years to curb the abusive practices of payday and auto title lenders. This bill would provide a path by which the industry could strike down the reforms, and again pull Texans into a cycle of debt. We respectfully urge the committee not to overturn the will of local communities to provide protection to 9.6 million Texans against these predatory loan practices.

*Posted in Legislative testimony (<https://txcatholic.org/category/legislative-testimony/>)*

← [HB 1155: Disrespectful of the human body](https://txcatholic.org/hb-1155-disrespectful-of-the-human-body/) (<https://txcatholic.org/hb-1155-disrespectful-of-the-human-body/>)

[HB 3080: Life imprisonment for people convicted of capital offense who have severe mental illness](https://txcatholic.org/hb-3080-life-imprisonment-for-people-convicted-of-capital-offense-who-have-severe-mental-illness/) → (<https://txcatholic.org/hb-3080-life-imprisonment-for-people-convicted-of-capital-offense-who-have-severe-mental-illness/>)

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HB 2008: requires payday lenders to comply with federal military lending regs (<https://bxcatholic.org/hb-2008-requires-payday-lenders-to-comply-with-federal-military-lending-regs/>) April 30, 2017

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A BILL TO BE ENTITLED  
AN ACT

relating to the regulation of persons and business activities  
subject to regulation by certain finance agencies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 11, Finance Code, is  
amended by adding Section 11.003 to read as follows:

Sec. 11.003. EXCLUSIVE REGULATORY AUTHORITY. (a) In this  
section:

(1) "Business entity" has the meaning assigned by  
Section 306.001.

(2) "Person subject to regulation by a finance agency"  
means a business entity or other person that:

(A) is required by state law to obtain a license,  
permit, registration certificate, or other evidence of authority  
from a finance agency to practice the person's occupation or  
conduct the entity's business in this state; and

(B) is subject to the primary regulatory  
authority of the finance agency.

(b) Except as expressly provided otherwise by this code, a  
person subject to regulation by a finance agency and the person's  
business activities subject to that regulation are subject only to  
applicable federal law and regulations and applicable state law,  
including rules adopted by the finance commission.

SECTION 2. This Act takes effect immediately if it receives  
a vote of two-thirds of all the members elected to each house, as  
provided by Section 39, Article III, Texas Constitution. If this  
Act does not receive the vote necessary for immediate effect, this  
Act takes effect September 1, 2017.