



MAYOR & COUNCIL COMMUNICATION

January 20, 2010

Subject: Memorial: Opposing Exploitative Payday Lending Practices in
Arizona (City-Wide)

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Issue – This item has been scheduled at the request of Council Member Uhlich for consideration and adoption of the attached Memorial. The Memorial urges the Governor and Legislature of the State of Arizona to oppose exploitative payday lending practices in Arizona.

Legal Considerations – The City Attorney prepared the Memorial for your consideration.

Financial Considerations – None.

Respectfully submitted,


fn Mike Letcher
City Manager

ML/MR/dc
City Attorney's Office

Attachment: Memorial

JAN20-10-42

ADOPTED BY THE
MAYOR AND COUNCIL

A MEMORIAL

RELATING TO PAYDAY LOANS: REQUESTING THAT THE ARIZONA GOVERNOR AND LEGISLATURE STAND AGAINST EXPLOITATIVE PAYDAY LENDING PRACTICES IN ARIZONA AND IN OPPOSITION TO EFFORTS TO EXTEND THESE PRACTICES INDEFINITELY.

TO THE GOVERNOR AND LEGISLATURE OF THE STATE OF ARIZONA:

YOUR MEMORIALIST RESPECTFULLY REPRESENTS AS FOLLOWS:

WHEREAS, the practice of writing exploitative payday loans is a widespread blight on our communities, affecting the fragile finance of many people who are already burdened by the current economic downturn costing Arizona families nearly \$149 million each year; draining \$23 million from Tucson and Pima County households, and

WHEREAS, over 700 payday lenders charging up to 459% annual percentage rate (APR) for a two-week loan are located throughout Arizona, and

WHEREAS, in November of 2008, Arizona voters rejected the payday lending industry funded ballot initiative the "Payday Reform Act" that would have allowed these egregious interest rates to continue by an overwhelming 60% to 40% margin, and

WHEREAS, payday lenders will no longer be able to charge triple-digit interest rates when their exemption to Arizona's 36% rate cap expires in July 2010 unless the state legislature decides to extend or rescind the 2010 deadline,

NOW, THEREFORE, YOUR MEMORIALIST, THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA:

SECTION 1. The Mayor and Council of the City of Tucson stands in opposition to the kind of predatory payday lending now allowed in Arizona and encourages all Arizonans to oppose it as well; and it encourages the Arizona Legislature and Governor Jan Brewer to uphold the Arizona Small Consumer Loan Act capping interest rates at 36 percent annual percentage rate (APR) or less for small consumer loans and allow the statutory exemption currently utilized by the payday lending industry to circumvent the Small Consumer Loan Act to expire.

SECTION 2. The City of Tucson deems it necessary to call upon the Governor and Legislature to take the following actions to prevent exploitative lending practices by this industry, including but not limited to:

- a) Reinstatement and enforcement of the annual interest rate cap of 36 percent (APR) for all consumer loans made in the state of Arizona.
- b) Prohibition of the use of a personal check, ACH debit or other methods to gain access to a consumer's bank account, or to gain title to a consumer's motor vehicle, as collateral for a payday loan.

SECTION 3. The City Clerk is hereby authorized and directed to send a copy of this Memorial to the Governor, the President of the Arizona Senate and the Speaker of the Arizona House.

PASSED, ADOPTED, AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, _____.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

REVIEWED BY:



CITY MANAGER

MR:dc
1/14/2010 10:12 AM