

RESOLUTION 19-07

CALLING FOR THE REJECTION OF SENATE BILL 613

- WHEREAS, Bloomington is a place where we work to ensure that *all* residents of *all* backgrounds can live, work, raise a family, and enjoy a quality of life without the burden and threat of financial insecurity; and
- WHEREAS, vulnerable and marginalized families in our community have historically suffered from – and continue to suffer from – predatory financial services practices that rob families of their hard-earned money and make it virtually impossible for low-income families to become self-sufficient; and
- WHEREAS, the spiraling cycle of poverty perpetuated by predatory financial practices harms families, children, and our collective well-being; and
- WHEREAS, a conspicuous source of predatory financial practices is the payday industry. Payday lenders make loans at exorbitant rates to borrowers who can least afford them, take direct access to borrowers’ checking accounts as collateral, and trigger a cycle of borrowing that leaves many borrowers in delinquency, default, or bankruptcy; and
- WHEREAS, Senate Bill 613 makes current predatory lending practices in Indiana even worse by expanding what payday lenders can offer, allowing lenders to make much larger and longer-term loans to lower-income borrowers, and by increasing the rates and fees for subprime auto lenders and authorize additional new predatory loan models in the State of Indiana; and
- WHEREAS, Currently, payday lenders have a very limited exemption to Indiana’s loansharking law, which states that loans in excess of 72% APR are a felony. This legislation would redefine loansharking in ways that allow lenders to make even larger, longer loans that are currently considered criminal; and
- WHEREAS, Loans made in excess of 72% APR to low-income persons are unconscionable and exploitative; and
- WHEREAS, Each of the changes proposed by Senate Bill 613 allows lenders to exercise extraordinary power over borrowers, allows lenders to structure the loans in a way that incentivizes repeat borrowing, and does not require that the loans are affordable in light of a borrower’s income and expenses (Center for Responsible Lending, *Policy Brief: Bill Analysis of Indiana SB 613: Consumer Credit*, March 2019); and
- WHEREAS, Senate Bill 613 is widely opposed by Indiana organizations dedicated to helping low-income families achieve self-sufficiency, including a coalition of more than 70 veterans, faith, community, and social service organizations; and
- WHEREAS, while issues related to credit access and predatory lending have been discussed by the Indiana General Assembly, those issues have not been studied; and
- WHEREAS, a thorough study of credit access, banking deserts, and predatory lending practices should prefigure any law change as significant as Senate Bill 613;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION I. As public officials elected to protect the health, welfare, and safety of Bloomington residents, we oppose any effort to further compromise Indiana's low-income workers.

SECTION II. We find that Senate Bill 613 is injurious to our residents and to our collective well-being and therefore urge the Indiana General Assembly to reject this bill.

SECTION III. We urge the Indiana General Assembly to engage in a study of the needs of low-income borrowers with respect to credit access and lending practices and encourage the Indiana General Assembly to explore alternatives to payday and other forms of usurious subprime lending.

SECTION IV. We direct the City Clerk to send a copy of this resolution, duly adopted, to members of the Indiana General Assembly representing Bloomington; to Representative Woody Burton, Chair of the Committee on Financial Institutions in the Indiana House, where the bill is currently being considered; and to the Governor of Indiana.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this

3rd day of April, 2019.



DAVE ROLLO, President
Bloomington Common Council

ATTEST:



NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this

4th day of April, 2019.



NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 4th day of April, 2019.



JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This resolution is sponsored by Councilmembers Piedmont-Smith and Granger and opposes Senate Bill 613. The resolution documents the predatory and exploitative nature of the bill and its impact on low-income communities. The resolution calls for the Indiana General Assembly to first engage in a study of the credit access and lending practice needs of low-income communities before making such a wide-sweeping law change. The resolution also calls for the Bloomington City Clerk to send a copy of this resolution to members of the Indiana General Assembly representing Bloomington, to the Chair of the Committee on Financial Institutions in the Indiana House, and to the Governor of Indiana.

Distributed to: Mayor, Clerk, Council Administrator, Legal, Controller