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Advocates assemble at State House to support interest rate caps for payday, title loans

A large coalition gathered Thursday at the State House in Montgomery to urge legislators to pass legislation limiting high-interest lending in Alabama, notably payday and auto title loans. The Alliance for Responsible Lending in Alabama (ARLA) made its debut, while the Southern Poverty Law Center (SPLC) unveiled its new report, [Easy Money, Impossible Debt: How Predatory Lending Traps Alabama's Poor.](#)

Rep. Rod Scott, D-Fairfield, also was present to announce his plans to sponsor legislation curtailing automobile title lending in Alabama. The practice allows borrowers to pawn a vehicle title in exchange for a short-term loan at an annual percentage rate (APR) of up to 300 percent interest.

Before a standing-room only crowd in the Senate Joint Briefing Room, journalists heard from several speakers on the harms of predatory lending, along with references to the biblical prohibitions on usury. Jack Bradford, an AARP volunteer from Birmingham, spoke eloquently about the impact of high-interest loans on senior citizens, many of whom are on fixed incomes and incur debt to pay for the expenses of their children and grandchildren. "When you threaten an older person with jail and the loss of their home because of some debts, that's going to create some desperation," Bradford said.

In addition to Scott's title bill, Rep. Patricia Todd, D-Birmingham, is sponsoring HB 320 to cap interest rates on payday loans, which now can charge up to 456 percent APR. Sen. Mark Keahey, D-Grove Hill, will sponsor companion Senate legislation on payday (SB 282) and auto title loans (bill number pending). Another bill – SB 160, sponsored by Sen. Bryan Taylor, R-Prattville – [would make the state's banking department responsible for enforcing the federal Military Lending Act](#), enacted in 2007 to protect service members and their families from usurious payday and title loans by capping interest rates at 36 percent APR.

"We are excited about the SPLC's insightful and well-researched new report, and we are incredibly excited about the groups gathered in a coalition under the ARLA umbrella," said Shay Farley, legal director of Alabama Appleseed, which is part of the coalition. "It's going to take groups working together, using credible data and heartrending borrower stories to overcome the clout of the predatory lending industry's well-organized professional lobbyists. These loans hurt the borrowers, which are just folks desperate for money, and they hurt the rest of us when wealth is stripped out of communities."

Arise Citizens' Policy Project is a member of ARLA. Other members are AARP of Alabama, the Alabama Asset Building Coalition, Greater Birmingham Ministries, Birmingham Faith in Action, Gateway Financial Freedom, the Leading Edge Institute, Neighborhood Housing Services of Birmingham, and the Alabama State Conference of the NAACP.

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