

1 H.481

2 Introduced by Representative Poirier of Barre City

3 Referred to Committee on

4 Date:

5 Subject: Commerce; loans; payday

6 Statement of purpose: This bill proposes to require the attorney general to
7 conduct a study of payday lending in Vermont.

8 An act relating to a study of payday lending in Vermont

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. ATTORNEY GENERAL STUDY ON PAYDAY LENDING IN
11 VERMONT

12 (a) As described by the Federal Deposit Insurance Corporation, payday
13 loans are small-dollar, short-term, unsecured loans that borrowers promise to
14 repay out of their next paycheck or regular income payment. Payday loans are
15 usually priced at a fixed-dollar fee, which represents the finance charge to the
16 borrower. Because these loans have such short terms to maturity, the cost of
17 borrowing, expressed as an annual percentage rate, can range from 300 percent
18 to 1,000 percent, or more.

19 (b) Vermont's applicable usury law sets the maximum interest rate that
20 lenders may charge in Vermont at 18 percent. In addition, under Vermont's

1 money-services statutes, check cashiers are prohibited from holding a
2 post-dated check.

3 (c) Despite Vermont's legal prohibitions on predatory payday lending
4 practices, such practices continue to exist.

5 (d) The Vermont attorney general or designee, in consultation with the
6 commissioner of banking, insurance, securities, and health care administration
7 or designee, shall study how Vermonters have been able to avail themselves of
8 payday lending, what the consequences are, and what opportunities exist,
9 through legislative or other means, to curtail what seems to be a growing
10 problem in our state.

11 (e) The attorney general shall report his or her findings and
12 recommendations to the senate committees on finance and on economic
13 development, housing, and general affairs and the house committee on
14 commerce and economic development not later than December 1, 2012.

15 Sec. 2. EFFECTIVE DATE

16 This act shall take effect on passage.