H.481

Introduced by Representative Poirier of Barre City

Referred to Committee on Commerce; loans; payday

Date: [Insert Date]

Subject: Commerce; loans; payday

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

An act relating to a study of payday lending in Vermont

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

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

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

(b) Vermont’s applicable usury law sets the maximum interest rate that lenders may charge in Vermont at 18 percent. In addition, under Vermont’s
money-services statutes, check cashiers are prohibited from holding a
post-dated check.

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

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

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

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.