



The Independent Voice for Kentucky's Children

KENTUCKY
YOUTH
ADVOCATES

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**Statement by Terry Brooks, Executive Director of Kentucky Youth Advocates on
House Banking & Insurance Committee's Failure to Pass HB 182**

"HB 182 sponsored by Representative Darryl Owens failed to pass the House Banking and Insurance Committee today. The bill would have capped the effective interest on payday loans at 36%. While we respect the votes of the members of the House Banking and Insurance Committee, we think the committee neglected their responsibility to protect Kentucky's most vulnerable citizens.

Representative Johnny Bell's bill in the 2009 General Assembly to institute a database has been a strong first step in protecting Kentucky families from loans that can quickly become a debt burden. Yet, the data from the database has shown that the majority of Kentuckians are taking out five or more repeat loans per year, indicating that they are falling prey to a debt trap and need further consumer protections.

The intent of HB 182 was not to do away with the payday lending industry, but to regulate a fair interest rate. While there may be disagreement on exactly how vulnerable Kentuckians and the payday loan industry would be impacted by a 36% cap, we know that the Pentagon looked at the issue of payday lending and worked with Congress to establish a 36% interest cap for military families because so many service members were not able to get security clearance.

We know that the people's voice -- as shown by polling data from the Kentucky Coalition for Responsible Lending that showed broad and deep support for the measure -- calls for a cap at 36%. By voting no to HB 182 this committee put an end to valuable dialogue and perhaps even compromise that could create regulations to protect the citizens of the Commonwealth.

As a Commonwealth, we face a test in the tough economic times in which we live. Whose interest will prevail? The interest of large corporations who want to make as much money as they can or the interest of families and children who deserve a fair deal? We call on the members to listen to the Pentagon and to the will of most voters in Kentucky and support a 36% cap on payday lending in next year's legislative session."

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Kentucky Youth Advocates is a non-partisan, non-profit, children's advocacy organization. KYA represents a voice for Kentucky's most precious asset – its youth. We believe that Kentucky's youth deserve the opportunities and resources necessary to ensure their productive development and health.