

FILED JAN 29 1993

1 SENATE CONCURRENT RESOLUTION NO. 106

2 BY BOLKCOM

3 (COMPANION TO LSB 5792HH BY CHIODO)

4 A Concurrent Resolution providing for the establishment
5 of a committee by the legislative council to conduct
6 a study of predatory or subprime lending practices.

7 WHEREAS, the loosening of federal banking and other
8 financial regulations since the 1980s has led to the
9 development of "fringe banking" services such as
10 "payday" lenders that often exploit consumers with
11 limited resources, low credit ratings, and short-term
12 cash-flow problems by lending small dollar amounts at
13 high rates of interest, until the borrower receives a
14 paycheck; and

15 WHEREAS, there were fewer than 300 payday lending
16 outlets nationwide in 1992, and there are now more
17 than 9,000 outlets, with at least 100 new locations
18 opening every month; and

19 WHEREAS, an increasing number of states, including
20 Iowa, are considering the enactment of additional
21 financial regulations regarding abuses of consumers by
22 these fringe banking services; NOW THEREFORE,

23 BE IT RESOLVED BY THE SENATE, THE HOUSE OF
24 REPRESENTATIVES CONCURRING, That the legislative
25 council is requested to appoint an interim study
26 committee to conduct a comprehensive study of certain
27 alternative consumer lending practices and businesses
28 including, but not limited to, check cashing outlets,
29 payday loan companies, high-cost first and second
30 mortgages, subprime auto loans, and other short-term

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1 lending practices utilizing excessive fees and rates
2 of interest; and

3 BE IT FURTHER RESOLVED, That the interim study
4 committee shall be composed of 10 members consisting
5 of members from both political parties and both houses
6 of the Iowa general assembly; and

7 BE IT FURTHER RESOLVED, That the interim committee
8 is authorized to meet on five days and at least one of
9 these days shall be set aside for the purpose of
10 holding a public hearing to receive oral or written
11 testimony from the general public regarding consumer
12 lending practices; and

13 BE IT FURTHER RESOLVED, That the committee shall be
14 staffed by the legislative service bureau and the
15 legislative fiscal bureau, and any other state agency
16 shall provide such information and assistance as
17 deemed necessary by the committee. The committee
18 should begin its deliberations following the
19 adjournment of the 2002 regular session of the general
20 assembly and shall issue its findings and
21 recommendations in a final report delivered to the
22 general assembly no later than November 15, 2002.

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