

Resolution in Support of the Stop Payday Loans Initiative

October 13, 2007

WHEREAS Payday loans, authorized in Arizona in 2000 through a special carve-out in the state's consumer lending law, are by definition predatory and profit from financially vulnerable Arizona families by trapping them in unending cycles of debt. Today there are over 700 payday loan stores in Arizona, more than Starbucks and McDonalds locations combined. Contrary to the payday loan industry's main argument that they provide emergency, one-time financial assistance to those who need it, the vast majority of payday loan borrowers in Arizona and across the country need to take out multiple loans and multiple "rollovers" or renewals per year before they can finally pay off their original payday loan; furthermore, according to SEC reports fully 90% of the industry's profits come from rollovers and renewals of this predatory payday loan product. Predatory payday lending in 2005 cost Arizona families \$139 million in excessive fees – money that leaves the state; and WHEREAS During the 2007 legislative session there were half a dozen bills introduced to curb the payday industry's most abusive practices in Arizona, yet not one of these bills was given a hearing in committee. While the legislature has failed to address this issue and protect Arizona families, many Arizona municipalities, including Phoenix, Tempe, Peoria, Tucson, South Tucson and Pima County, have passed zoning ordinances to try to curb the exponential growth of payday loan stores, their negative impacts on local economies, and their propensity for clustering in low-income and minority neighborhoods. To date, eleven states have outlawed predatory payday lending – saving their citizens an estimated \$1.4 billion dollars in predatory fees each year – and other states are looking to do so as well; and WHEREAS The Stop Payday Loans Initiative (I-09-2008), if passed by Arizona voters in November 2008, would outlaw predatory payday lending in Arizona and effectively bar the door to the industry in Arizona for good. Many Arizona Democratic elected officials from the local to federal level already have endorsed the Stop Payday Loans Initiative. THEREFORE BE IT RESOLVED that the Arizona Democratic Party supports the ballot qualification and passage of the Stop Payday Loans Initiative, and encourages all Democratic elected officials to support the Stop Payday Loans Initiative as well as other efforts to rid Arizona of predatory lending practices, and BE IT FURTHER RESOLVED that the Arizona Democratic Party encourages all state committee members, county committee members, legislative district committee members, club members, and other Democratic Party activists to volunteer on behalf of the Stop Payday Loans Initiative, to ensure it qualifies for the ballot and is passed by the voters of Arizona.