

LWV-TEXAS EDUCATION FUND
Payday and Auto Title Loans in Texas Study Committee
Report of Findings

Elizabeth A. Erkel, Study Committee Chair
January 14, 2016

Participation: 326 members from 19 Leagues*

Methods used to achieve consensus: A large majority of participating Leagues held a general meeting (13, 68%) to reach consensus, while one fourth held unit meetings (5, 26%). Approximately one fifth held board meetings (4, 21%) or used their VOTER to solicit additional input (3, 17%).

Consensus: The threshold for statewide consensus was a two-thirds majority.[†]

LWV-Texas Position

Adopted by the LWV-TEF Board of Trustees, January 17, 2016

PAYDAY AND AUTO TITLE LOANS IN TEXAS—2016

The League of Women Voters of Texas supports policies, legislation, and programs that enable a small dollar loan market that maintains access to affordable credit while safeguarding consumers. Payday and auto title loan businesses should be regulated so that they function both as a consumer service and a successful business.

The League believes that a loan is affordable if the borrower can repay the loan and cover basic expenses without borrowing again or obtaining money from another source. Local governments should be able to regulate payday and auto title lending within their jurisdictions in order to achieve a viable small dollar loan market that provides consumer access to affordable credit and safeguards against predatory lending. Criminal charges and penalties for payday and auto title loans in default should continue to be explicitly prohibited by Texas law. The League supports:

- Consumer credit regulations that increase restrictions on short-term loans and require lenders to offer affordable loans,
- Financial education measures that increase the ability of consumers to successfully use small dollar loan financial products, and
- State and private funding of measures to prevent long-term debt by borrowers in need of immediate cash.

Explanation: Payday and Auto Title Loans in Texas

League delegates to the 2014 LWV-TX Convention adopted a study of Payday and Auto Title Loans in Texas, reflecting intense scrutiny of payday and auto title loans at all levels of government and widespread discussion in the community and media that made it a compelling public policy issue. The study focused on current regulations of payday and auto title lenders in Texas, the accessibility and impact of these loans in the community, and options for small dollar loans for persons in need of immediate cash. A committee comprised of six League members from across the state conducted the study and produced *Facts & Issues: Payday & Auto Title Loans in Texas*. The report was published on the state League website and distributed electronically to League members. Print copies were provided to Texas state office holders, major donors, and other interested groups and individuals. Following numerous public forums and League consensus meetings across the state during fall 2015, a consensus was reached based on analysis of individual League consensus reports. The LWV-TX Board of Directors adopted the new position January 2016.

* 70% (19 of 27) of Leagues participated: Amarillo, Austin Area, Bay Area, Collin County, Comal Area, Corpus Christi, Dallas, Denton, El Paso, Hays County, Hill Country, Houston, Irving, Lubbock County, Richardson, San Antonio Area, Tarrant County, Tyler-Smith County, and Wichita Falls

[†] A detailed report of statistical results is available upon request from study chair Elizabeth Erkel.