

1 [Opposing Assembly Bill 1158 - Regarding “Deferred Deposit Transactions”, and Any
2 Expansion of Payday Lending in California]

3 **Resolution opposing Assembly Bill 1158, “Deferred Deposit Transactions”, and any**
4 **expansion of payday lending in California.**
5

6 WHEREAS, Nearly 1.7 million California households patronize payday lenders
7 annually, paying more than \$540 million in fees alone; and,

8 WHEREAS, because such loans are for short periods of time, the cost of borrowing
9 expressed as an annual percentage rate can approach 1000 percent; and,

10 WHEREAS, The Brookings Institute, a non-profit think tank located in Washington DC,
11 estimates that in San Francisco payday lenders sell \$40 million worth of services annually
12 from outlets which tend to be located in neighborhoods with high poverty rates; and,

13 WHEREAS, High-cost payday loans harm low- to moderate-income borrowers, women
14 and African-Americans and Latinos disproportionately; and,

15 WHEREAS, The payday lending business model is fundamentally flawed by design, as
16 it virtually guarantees repeat borrowing while claiming that loans are for one-time, emergency
17 use; and,

18 WHEREAS, Payday lenders flout basic tenets of responsible lending by making loans
19 without verifying a borrower’s ability to repay that loan and simultaneously cover other
20 expenses; and,

21 WHEREAS, the Department of Defense has stated that payday lending practices have
22 proven to be detrimental to service members who have used these loans to meet immediate
23 cash needs, and has suggested working toward state statutes to limit the practice; and,
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1 WHEREAS, Mission SF's New ERA youth leaders' research indicates that youth adopt
2 their parents' financial habits, meaning that youth who grow up in households that use payday
3 lenders are at much greater risk of using payday lenders themselves; and,

4 WHEREAS, This Board of Supervisors placed a moratorium on the establishment of
5 new payday lenders in San Francisco in 2007; and,

6 WHEREAS, The San Francisco Office of Financial Empowerment launched Payday
7 Plus SF in 2009, which provides an alternative small dollar loan offered through five credit
8 union partners, which is available to individuals even if they have low - or no credit scores;
9 and,

10 WHEREAS, Assembly Bill 1158 would expand the predatory practices of payday
11 lenders by allowing the businesses to offer short term loans up to \$500 as opposed to the
12 current \$300 limit; now, therefore be it

13 RESOLVED, The San Francisco Board of Supervisors urges the State of California to
14 reject AB 1158, "Deferred Deposit Transaction" by Assembly Member Charles Calderon, and,
15 be it

16 FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs
17 the Clerk of the Board to send a copy of this resolution to Governor Jerry Brown, Senate
18 President pro Tempore Darrell Steinberg, and Speaker of the Assembly John A. Pérez.