

1 [Supporting Assembly Bill 2511 Regarding Limiting Annual Percentage Rate of Payday Loans]

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3 **Resolution supporting Assembly Bill 2511 regarding limiting the annual percentage**  
4 **rate of payday loans to customers receiving unemployment benefits.**

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6 WHEREAS, AB 2511 authored by Assembly Member Nancy Skinner would provide  
7 that payday loans provided to consumers receiving unemployment insurance benefits would  
8 have to have an annual percentage rate (APR) of no more than 36%; and

9 WHEREAS, Californians receiving unemployment insurance benefits have already  
10 taken a substantial cut in their take-home pay, already need to re-budget and prioritize their  
11 expenses, and are not served by replacing that income with debt at annual interest rates of  
12 459%; and,

13 WHEREAS, Recently, the *Los Angeles Times* reported that "[t]he payday loan industry  
14 has found a new and lucrative source of business: the unemployed"; and

15 WHEREAS, According to the Department of Labor Statistics, the average Californian  
16 receiving unemployment insurance benefits receives \$317.59 per week, or \$1,270.36 per  
17 month, a mere 31.6% of the average wage in California; and,

18 WHEREAS, Given the high price of payday loans and the short term for payoff (2  
19 weeks), most struggling borrowers cannot meet basic expenses and pay off their loan upon  
20 receipt of their subsequent unemployment check; and,

21 WHEREAS, Allowing payday lenders – the largest of which are located out of state – to  
22 target unemployed Californians with loans they can't afford sends state and federal money  
23 intended to assist California and Californians out of state and into the pockets of payday  
24 lenders; and,

25

1           WHEREAS, Too many of San Francisco's families lack the resources and assets to  
2 build a stable foundation for financial success long into the future, particularly during this  
3 period of high unemployment and financial instability; and,

4           WHEREAS, Financial institutions in San Francisco have joined together to launch Bank  
5 On San Francisco to help connect previously unbanked families to mainstream financial  
6 institutions, creating the opportunity for families to access affordable basic financial services;  
7 and,

8           WHEREAS, AB 2511 would support these efforts by limiting the maximum amount of  
9 interest that could be charged to a borrower receiving unemployment benefits to 36%; now,  
10 therefore, be it

11           RESOLVED, That the City of San Francisco supports AB 2511; and, be it

12           FURTHER RESOLVED, That the City of San Francisco urges the California State  
13 Legislature to pass, and Governor Arnold Schwarzenegger to sign AB 2511 into law.



**City and County of San Francisco**  
**Tails**  
**Resolution**

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**File Number:** 100464

**Date Passed:** April 13, 2010

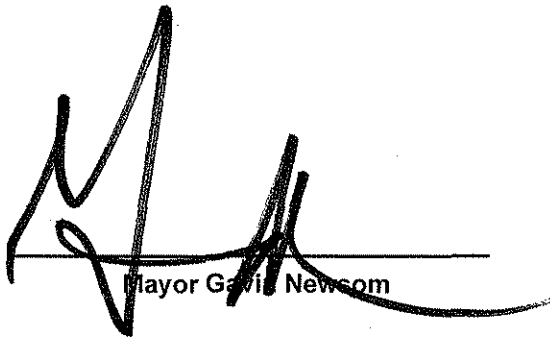
Resolution supporting Assembly Bill 2511 regarding limiting the annual percentage rate of payday loans to customers receiving unemployment benefits.

April 13, 2010 Board of Supervisors - ADOPTED


Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

File No. 100464

I hereby certify that the foregoing Resolution was ADOPTED on 4/13/2010 by the Board of Supervisors of the City and County of San Francisco.



Mayor Gavin Newsom



Angela Calvillo  
Clerk of the Board

4/22/2010  
Date Approved