

TO: Governor Scott Walker
CC: Assembly Speaker Robin Vos, Senate Majority Leader Scott Fitzgerald
RE: Oppose Payday Lending Grab-Bag in State Budget
Contact: Peter Skopec, WISPIRG Director; (608) 268-1656, peter@wispirg.org

July 8, 2015

Dear Governor Walker,

The 30 undersigned groups respectfully urge you to remove in their entirety provisions introduced into the 2015-17 biennial budget via Motion 999 that would significantly expand the power of predatory lenders in Wisconsin. Proposed amendments to Section 3443 f, h, j and m would allow payday lenders to sell insurance, annuities, merchandise, and financial service products, while also permitting casinos and liquor stores to offer payday loans or payday lenders to operate such establishments directly.

Payday loans are designed to trap low-income borrowers in a spiral of perpetual and growing debt: According to a recent national study by the Consumer Financial Protection Bureau, over 75 percent of all payday loan fees are generated by borrowers who take out more than 10 payday loans a year -- a sign of the inherent unaffordability of these dangerous loans. Payday loans carrying interest at an annual percentage rate (APR) of 500 to 1,000 percent are not uncommon in Wisconsin.

Not only would these budget provisions give payday lenders the power to sell an unprecedented range of complex financial products, such as insurance, annuities and tax preparation services, to Wisconsin consumers; they would also allow abusive high-interest lenders to exploit particularly susceptible individuals by operating within casinos and liquor stores, or by directly operating such establishments themselves.

Contrary to industry claims, the proposed amendments would therefore neither benefit low-income consumers nor provide necessary financial services to Wisconsin communities. Above all else, predatory lending practices have devastating results for individuals, families and communities across Wisconsin. According to the Center for Responsible Lending, payday loan fees cost Wisconsinites over \$22 million a year, and drain the state's economy of over \$5 million annually due to lost economic activity. Additionally, payday loans increase the likelihood of other financial harms such as increased overdraft fees, delinquency on other bills, bank account closures, and even bankruptcy.

After failing in past legislative sessions to enact laws that would water down Wisconsin consumer protections, predatory lenders have in recent years attempted to win back-door changes through the budget process. We hope you share our firm objection to the last-minute, secretive and entirely opaque process through which these sweeping changes were introduced, without offering legislators and the public an opportunity to adequately review the questionable merits of these provisions.

We call on you to remove these provisions from the budget in order to maintain the fairness of Wisconsin's consumer financial marketplace, as well as to gather public input and ensure a transparent legislative process should similar far-reaching provisions be considered in the future.

Sincerely,

WISDOM
Milwaukee Inner City Congregations Allied for Hope (MICAH)
Madison-area Urban Ministry
Wisconsin Council of Churches
Wisconsin Catholic Conference
Catholic Charities of the Milwaukee Archdiocese
Catholic Charities of the Diocese of Green Bay
Catholic Charities of the Diocese of Madison
Diocese of Superior Catholic Charities Bureau
Society of St. Vincent de Paul Diocesan Council of Madison
Society of St. Vincent de Paul Archdiocesan Council of
Waukesha County
Society of St. Vincent de Paul National Ex-Offenders Re-Entry
Project
Society of St. Vincent de Paul St. James Church, Mukwonago
Waukesha County St. Dismas Conference
Select Milwaukee

Urban Economic Development Association of Wisconsin, Inc.
(UEDA)
Metropolitan Milwaukee Fair Housing Council
Fair Housing Center of Greater Madison
Fair Housing Center of Northeast Wisconsin
Legal Aid Society of Milwaukee, Inc.
Wisconsin Council on Children and Families
End Domestic Abuse Wisconsin
Community Advocates Public Policy Institute
Wisconsin Community Action Program Association (WISCAP)
University of Wisconsin Law School Consumer Law Clinic
Wisconsin Public Interest Research Group (WISPIRG)
League of Women Voters of Wisconsin
Coalition of Wisconsin Aging Groups (CWAG)
One Wisconsin Now
Citizen Action of Wisconsin