

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 051208)

RESOLUTION

Urging the Pennsylvania General Assembly to pass Senate Bill 101 which will outlaw payday lending in Pennsylvania and protect our Commonwealth's low-income citizens.

WHEREAS, In comparison to other towns and cities in Pennsylvania, Philadelphia faces the daunting challenge of population loss, outmigration of young and talented workers, stressed revenue base, business disinvestment, and high concentrations of poor households in city neighborhoods; and

WHEREAS, Households in the bottom quintile of income were the only income group to grow in Philadelphia between 1979 and 1999 and, more recently in 2003, this trend was reflected by a U.S. Census Bureau survey of Philadelphia's households that showed over 1 out of every 5 individuals in Philadelphia live below the poverty; and

WHEREAS, Many of Pennsylvania's low-income households live week to week, struggling to pay for the basic necessities of life and are forced to take out excessive and exorbitant payday loans to make ends meet; and

WHEREAS, Payday loans impose extraordinarily high finance charges for short-term loans, which are usually for amounts between \$300 to \$500, and the typical finance charge on a \$300 loan is \$61.25 for two weeks, which converts to an annual interest rate of 400 percent; and

WHEREAS, The default risk for payday loans is low because the borrower allows the lender to automatically withdraw money from their account when they deposit their paycheck and because of the finance charges and need for money, most payday borrowers take out multiple loans each year and incur substantial finance charges that end up exceeding the total of the original sum borrowed; and

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WHEREAS, Recognizing this issue, State Senator Vincent J. Fumo, along with 24 co-sponsors, introduced Senate Bill 101 to prohibit the practice of payday lending in Pennsylvania and Senator Fumo's bill is based on a similar Georgia law that was recently upheld by the U.S. Court of Appeals (11th Circuit); and

WHEREAS, During the December 7th hearing of the Senate Committee on Banking and Insurance, representatives of the Consumer Federation of America, Center for Responsible Lending, Community Legal Services, and Army Community Services testified in favor of Senate Bill 101, which bans payday lending by closing loopholes in current state law; and

WHEREAS, The National Association of Attorneys General, AFL-CIO, and the Pennsylvania Council of Churches have publicly spoken out against payday lending, and the U.S. Department of Defense has voiced opposition to payday lending, expressing concern that lenders are preying on the families of military personnel; now therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby urge the Pennsylvania General Assembly to pass Senate Bill 101 which will outlaw payday lending in Pennsylvania and protect our Commonwealth's low-income citizens.

FURTHER RESOLVED, That copies of this Resolution be sent to the Majority and Minority leadership of the Pennsylvania General Assembly, the Philadelphia Delegation of the Pennsylvania General Assembly, and the Governor as a representation of the true wishes and sincere sentiments of this legislative body.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the fifteenth of December, 2005.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Tasco, Goode and Mariano

Sponsored by: Councilmembers Tasco, Goode, Mariano, DiCicco, Rizzo, Miller, Council President Verna, Councilmembers Blackwell, Ramos, Krajewski, Kenney, Reynolds Brown, Kelly, Clarke, Nutter and O'Neill