



Legislation Details (With Text)

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Title: Resolution calling upon the New York State Legislature to pass A.3480, to prohibit foreign banking corporations from issuing payday loans.

Sponsors:

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Res. No. 53

Resolution calling upon the New York State Legislature to pass A.3480, to prohibit foreign banking corporations from issuing payday loans.

By Council Members Nelson, Comrie, Sears, Barron, Felder, Fidler, Gerson, Jackson, Koppell, Lopez, Rivera, Weprin, Clarke, James, Sanders and Liu

Whereas, Many banking corporations located outside of New York State make short-term loans to New Yorkers with astronomical rates of interest; and

Whereas, These loans are referred to by many names, including “payday loans,” “cash advance loans,” “post-dated check loans,” and “deferred deposits;” and

Whereas, Recipients of payday loans receive cash in return for a post-dated check repaying the loans plus a finance fee; and

Whereas, The lender holds this check until the customer’s next payday at which time the borrower may

redeem the check for cash, allow the lender to deposit the check, or roll over the loan by paying another fee; and

Whereas, A recent survey of 230 payday lenders in 20 states found the average payday loan annual percentage rate (APR) was 474 percent; and

Whereas, A study conducted by the Woodstock Institute found that 19 percent of payday loan customers make less than \$15,000 per year, and another 39 percent make between \$15,000 and \$25,000; and

Whereas, There are already strict controls on payday lenders within New York State; and

Whereas, Assembly Bill 3480 would prevent foreign banking corporations from issuing payday loans by making it unlawful to issue loans that result in an annual interest rate in excess of 25 percent; and

Whereas, Payday lenders prey upon New York's working poor, trapping many in spiraling debt service fees; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass A.3480, to prohibit foreign banking corporations from issuing payday loans.