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Ohio Payday Lending Reform Supporters Launch Statewide Ballot Initiative to Cap Interest Rates at 28%

COLUMBUS – Leaders of a coalition that has been pushing for payday lending reform in Ohio for more than a year said today they have started a process to put the issue on the November ballot. The ballot issue effort stems from the coalition's frustration with Ohio elected leaders failure to act on legislation that would cap payday loan rates at 28%.

The ballot measure would not replace House Bill 123 (HB 123), the long-pending, bipartisan attempt to implement reasonable reforms that would keep credit available to borrowers. HB 123 was introduced in March of 2017, after many months of review and discussion of the payday loan industry in Ohio. Instead it would give Ohio voters the chance to vote on this reform effort which seems to have stalled in the House.

Ohio has the highest payday loan rates in the nation, with a typical payday loan carrying an outrageous annual interest rate of 591%.

"Advocates for payday lending reform have been pushing for more than a year to fix Ohio's broken payday lending laws, yet we have seen little action and not enough interest from Ohio House leaders and elected officials," said Carl Ruby, a Springfield pastor and a leading advocate for reform. "Every day of inaction on this issue costs Ohio residents more than $200,000 in excessive borrowing costs. We have received little more than lip service regarding HB 123. We have tried, and will continue to try, to move this legislation forward, but the lack of progress by State leaders is no longer acceptable."

Nate Coffman of Columbus pointed out that in 2008, Ohio voters overwhelmingly approved a 28% interest rate cap on payday loans. "And the payday lenders found a loophole to avoid that law, and ignored the will of the people."

"Today, they are charging even higher prices," Coffman said. "We have tried to fix that situation because that is simply unacceptable. Absent help from the Ohio legislature, we are sure the people of Ohio will agree to stop lenders from charging more than 28% on small loans. And this time, we will make sure there are no loopholes."

The ballot language being presented to the Ohio Attorney General will call for a constitutional short-term loan consumer protection amendment, It would finally enact the will of the people to limit interest rates at 28% and stop predatory lending. But it also gives the legislature the option of enacting a new type of lending statue with some of the minimum safeguards found in HB 123.

The leaders of the ballot initiative - Ruby, Coffman, Michal Marcus of Cleveland and Nick DiNardo, of Cincinnati, - have helped lead Ohioans for Payday Loan Reform, a statewide coalition that has been calling for hearings on and the passage of House Bill 123, and say they are frustrated with failure of the state's elected leaders to enact the reforms.

"We have complied with every request for meetings and more information to no avail," DiNardo said. "We are exasperated by repeated stall tactics and delays while Ohio consumers continue to be victimized by these outrageously expensive loans. If the House and other elected leaders will not act on HB 123, we will approach Ohio voters with the same proposal. .”’

In recent months, some Ohio House leaders suggested the need for financial education about payday loans. “While that would have made a nice addition to HB123, on its own that wasn’t going to solve the problem,’’ said Marcus, pointing to an earlier statement from bill co-sponsor Rep. Kyle Koehler, R-Springfield: “When you’re drowning in debt is not the time to offer to teach someone how to swim.’’

“We applaud HB 123 co-sponsors Rep. Koehler and Rep. Mike Ashford for being legislators who truly put the citizens of their districts first,’’ added Ruby. “More elected officials should do the same.’’

Members of Ohioans for Payday Loan Reform, a diverse statewide coalition of more than 100 individuals and organizations that support passage of HB 123, will be asked to support the ballot initiative and collect petitions.

When Ohioans went to the polls in 2008, the vote for payday lending reform was 64% for and 36% against. DiNardo thinks the Ohio vote will be even more in favor of reform in 2018. He noted that in 2016, South Dakota voters overwhelmingly approved a similar ballot initiative. While advocates for the initiative in that state spent only one-nineteenth what the payday lenders spent, the payday lenders lost in South Dakota by a margin of 76% to 24%.

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