

2008 SESSION

INTRODUCED

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HOUSE JOINT RESOLUTION NO. 168

Offered January 9, 2008

Prefiled January 9, 2008

Directing the Joint Legislative Audit and Review Commission to study the payday lending industry in the Commonwealth. Report.

Patron—Sickles

Referred to Committee on Rules

WHEREAS, the General Assembly in 2002 enacted legislation authorizing the conduct of payday lending in the Commonwealth; and

WHEREAS, the payday loan industry has grown from a \$165 million business in 2002 to more than \$1 billion worth of transactions in 2005; and

WHEREAS, there are approximately 750 authorized payday loan outlets throughout the Commonwealth; and

WHEREAS, the payday lending industry asserts that payday lending fills a need for credit that saves consumers the costs associated with late fees and bad check charges; and

WHEREAS, opponents assert that the payday lending industry traps many borrowers into a cycle of high interest rate debt; and

WHEREAS, the General Assembly may enact legislation in the 2008 Session that provides for the establishment of a database to track payday lending activities and provide a mechanism to ensure that lenders make payday loans that comply with requirements of Virginia's Payday Loan Act; and

WHEREAS, the General Assembly would benefit from an analysis of the effects of payday lending in the Commonwealth; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the payday lending industry in the Commonwealth.

In conducting its study, the Joint Legislative Audit and Review Commission shall (i) examine the effectiveness of payday lending in meeting the credit needs of residents of the Commonwealth, (ii) if legislation is enacted in the 2008 Session of the General Assembly that provides for the establishment of a database for monitoring payday lending practices, examine the effects of the database on payday lending in the Commonwealth, and (iii) consider such other issues as it deems appropriate.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Bureau of Financial Institutions of the State Corporation Commission. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings by November 30, 2009, and the Chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2010 Regular Session of the General Assembly. The executive summary shall state whether the Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

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