

April 8, 2013

State Senators
Texas Capitol

Re: CSSB 1247

Dear State Senators:

We are writing to urge passage of CSSB 1247 relating to certain extensions of consumer credit facilitated by credit access businesses (CABs). After a long process of stakeholder negotiation, Chairman Carona secured committee approval of a bill—that while not perfect—is a substantial step forward in regulating payday and auto title lending. If enacted, the Office of Consumer Credit Commissioner (OCCC) estimates that the bill would positively impact over 330,000 consumers, saving Texans up to \$221 million a year in excessive fees.

Under current practice, CABs have an OCCC license to offer any and every product, without any limits on the amount of the loan, without any limits on refinances, without any underwriting, and without any limits on loan terms. CSSB 1247 would limit CABs to four products, provide clear restrictions for each product, and expand OCCC rulemaking and oversight authority.

In our judgment, we need state regulation. Local ordinances will never provide effective protections because: 1) many cities won't enact a local ordinance; 2) many that do won't have the wherewithal or funding to enforce their ordinances; 3) CABs can easily evade local ordinances through mobile technology, new product offerings, or "ringing" a city with payday lending storefronts; and 4) local ordinances may not survive legal challenge. A city ordinance to ban smoking makes sense because through such an ordinance a city can protect its residents from second-hand smoke. But a city ordinance to ban payday lending is more akin to trying to keep your precinct dry. It won't work.

Don Baylor can answer any questions you might have. Don is a Consumer Advisory Board Member of the U.S. Consumer Financial Protection Bureau and has been a key negotiator on the bill.

We urge you to send CSSB 1247 to the House.

Respectfully yours,



F. Scott McCown
Executive Director



Don Baylor, Jr.
Senior Policy Analyst