



30 days to pay: A simple but important step forward on payday lending reform in Alabama

Alabama borrowers pay interest rates of up to 456 percent a year on payday loans. These high-cost loans trap many struggling Alabamians in a debt cycle that deepens poverty and hurts the state's economy.

SB 138, sponsored by Sen. Arthur Orr, R-Decatur, would extend the time that payday borrowers have to repay to 30 days, up from as few as 10 days now. This one step would reduce the maximum annual percentage rate (APR) on payday loans in Alabama from 456 percent to about 220 percent. This bill would ease financial pressure on Alabamians who are struggling to make ends meet, giving them more money to take care of basic needs.

The 30-days-to-pay bill would help borrowers and preserve access to credit. Lengthening the repayment period for payday loans would:

- Boost Alabama's economy by reducing the amount of fees (more than \$100 million last year alone) taken out of our communities every year to benefit primarily out-of-state corporations.
- Bring payday loan repayment periods in line with repayment schedules for other loans and monthly bills, such as mortgages, rent, car loans, student loans, credit cards and utility bills.
- Grant needed relief to tens of thousands of working Alabamians and allow them to use their hard-earned money to better their own lives.

BOTTOM LINE: Exorbitant interest rates on payday loans are devastating for families and communities across Alabama. SB 138 would take a simple, important step to reduce the damage from these high-cost loans. That would be good for consumers, good for the state's economy and good for Alabama.