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# Editorial: Local and state officials must act now to fix payday lending

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Calls to curb predatory practices by payday lenders have been growing louder in recent months. At the state Capitol and at Dallas City Hall, coalitions of consumer and faith-based groups have coalesced around this issue, urging elected officials to impose needed regulations.

But while proposals have gained traction, neither the City Council nor the Legislature has moved the ball across the goal line. With deadlines looming in Austin and a new council taking office in June, this is a fleeting opportunity to rein in abuses inflicted on those who can least afford to take a financial hit.

Local and state officials have a chance to address these problems from two different angles — creating zoning regulations in Dallas and, at the state level, forcing payday and car title lenders to play by some of the same rules that govern banks and credit unions.

In Austin, an assortment of bills aimed at payday lenders has passed out of committees in both the House and the Senate. But now, legislative leaders must quickly move the items forward.

If action is not taken in the next several days, the legislative clock will run out on these important proposals.

A bill in the Senate, SB 1862, is the strongest of the bunch, capping fees and interest on loans made by these businesses. But it also faces opposition from industry lobbyists. So, Sen. Royce West, a Dallas Democrat and one of the authors of the bill, must keep making the case for needed consumer protections.



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In the House, Rep. Vicki Truitt, a Keller Republican, has sponsored a trio of bills, HB 2592, HB 2593 and HB 2594. While her proposals are a less aggressive approach to regulating lenders, they may stand a better chance of winning approval. And their adoption would still represent progress, requiring more transparency and accountability.

Lawmakers are hip-deep in the budget morass and are growing increasingly distracted by redistricting debates. But they must not let another legislative session slip by without creating some sort of regulatory framework for these lenders.

In Dallas, council member Jerry Allen has championed this cause. He's lobbied the Legislature but also has asked what could be done at the local level.

Earlier this week, a council committee approved zoning regulations that would limit where payday lenders, check cashers and car title loan shops could locate. The full council is expected to consider the issue next month.

Some officials have hedged on this issue, saying they prefer to wait and see what happens in Austin. But the state and local proposals are not mutually exclusive.

With more than 200 of these businesses in Dallas, the council should take aim at the saturation issue by approving these zoning rules — regardless of what state lawmakers do.

Local and state elected officials should keep pushing forward with a double-barreled approach. But they must act swiftly to prevent payday lenders and other businesses from preying on Texas consumers.

### Proposals in Austin and Dallas

State lawmakers and the Dallas City Council are considering more stringent regulations for payday lenders and other "alternative financial establishments."

In Austin, bills have advanced out of committee in both the House and the Senate.

- SB 1862: Would cap fees and interest on loans made by payday and car title lenders.
- HB 2592: Would require full disclosure of fees and interest rates for consumers taking out loans.
- HB 2593: Would create limits on the number of times a loan could be rolled over.
- HB 2594: Would require registration and licensing of lenders.

Next month, the City Council will consider zoning regulations aimed at slowing the growth of these operations. The rules would stipulate that alternative financial establishments:

- Can't be within 1,500 feet of each other or within 300 feet of a lot in a residential district.
- Must operate in a freestanding building and may not operate in the same structure as any other use.
- Must be 500 feet from a highway.



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