



# ARIZONA VOTERS SAID NO TO PREDATORY PAYDAY LENDING

***Recommendation: The Arizona Legislature should reject any bill to bring back payday loans, legalize usury or authorize new forms of high-cost consumer lending.***

Payday lending became legal in Arizona in 2000 when the Legislature enacted A.R.S. § 6-1251 et seq. to carve out payday loans from the state usury law for small loans. Payday loans in Arizona were single-payment loans based on personal checks held for future deposit costing up to 459 percent APR for a two-week loan. The payday loan law, called deferred presentment, included a July 1, 2010 sunset date.

The Arizona legislature refused to extend or remove the sunset date to terminate payday lending. In an attempt to stay in business, payday lenders got Prop 200 on the ballot in 2008 to permanently make payday loans legal at almost 400 percent APR rates.

Arizonans for Responsible Lending led a broad-based coalition fight to oppose Prop 200. The campaign was called “No More Loan Sharks”.

**Voters rejected payday lending by a 60 to 40 percent vote**, despite almost \$14 million spent by the industry to paint Prop 200 as a consumer benefit. Voters in every county and in 29 out of 30 legislative districts rejected Prop 200 in 2008.

As the 2010 sunset date approached, payday lenders tried again with legislation introduced in the 2010 session to essentially enact Prop 200 as a state law and remove the sunset date. Rep. Andy Tobin’s (R-1) HB 2161 died in committee due to widespread opposition. A last-ditch striker amendment offered to HB 2370 was heard by the Senate Appropriations Committee March 26, 2010 and failed. Legislators upheld the will of Arizona’s voters.

On June 30, 2010, Arizona’s ten-year experiment with predatory payday lending terminated. As the sun set over Phoenix, a crowd of consumer, faith, and community advocates toasted the sunset of payday lending. The Attorney General launched an enforcement campaign to enforce Arizona’s usury law and consumer protections.

Since 2010 the Arizona Legislature has rejected every bill to reintroduce payday loans or to authorize other forms of high-cost lending, such as flex loans. The Legislature amended the 2018 “sandbox” bill to extend the Consumer Lender law usury cap to loans up to \$15,000.