

FLORIDA CONFERENCE OF CATHOLIC BISHOPS

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MICHAEL B. SHEEDY
EXECUTIVE DIRECTOR



January 29, 2024

The Hon. Colleen Burton
312 Senate Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Re: Opposition to SB 1436 Consumer Finance Loans

Dear Senator Burton:

Regarding SB 1436, instead of helping consumers find low-cost loans, SB 1436 will charge vulnerable consumers up to double the interest rate they pay now. Although SB 1436 employs a tiered structure of interest rates, the significant increase in rates for each tier will continue to result in additional consumer indebtedness. Further, the industry claims most loans will fall within the 36% per annum rate, which is a predatory rate that has been found to be dangerous for consumers.

For many years, the Florida bishops have supported legislative proposals to lower interest rates on small-dollar loans at the state level. Specifically, we support a 36% rate cap (inclusive of fees) on payday loans. However, SB 1436 would authorize an increase in rates on much larger consumer finance loans up to \$25,000.

Further, consumer finance loans, unlike payday loans, permit the selling of a variety of ancillary products (mostly insurance products that are of dubious value to borrowers), as well as unlimited rollovers and the ability for the lender to secure the loan on the borrower's car which is then subject to repossession. Increasing the rate cap makes these loans even riskier for consumers.

Such a significant increase in the interest rate completely overwhelms any arguable benefits to the consumer. Further, a secured or unsecured loan with a 36% interest rate for loans up to \$25,000 and a much higher annual percentage rate (APR) should not be imposed on Florida consumers. Since SB 1436 would make the lives of vulnerable consumers (in desperate need of financial support) more difficult by charging borrowers excessive amounts, leading to untenable indebtedness, we respectfully oppose SB 1436.

As a follow-up, I have contacted your staff and requested an in-person meeting to discuss this legislation further.

Sincerely,

Tammy A. Fecci, DBe
Associate for Life and Dignity

cc: Most Rev. Frank J. Dewane, Bishop of Venice and FCCB Moderator for Social Concerns
Michael B. Sheedy