

On Tuesday, February 26, 2019 HB 4251 was introduced with bipartisan support. The bill would cap the annual percentage rate on payday loans in Michigan at 36% (inclusive of fees). Similar to the Military Lending Act, a federal law which makes it illegal to charge interest higher than 36% on loans made to active duty military members, HB 4251 works toward ensuring responsible lending practices.

Fast Facts on Payday Lending in Michigan

369% Is the APR for a two-week, \$300 loan¹

85% of Michigan voters oppose triple-digit interest rate payday lending in the state²

70% of borrowers take out a new loan on the same day they pay one off³

86% of borrowers reborrow within two weeks³

90% of borrowers take out another loan within 30 days of paying off a previous one³

Payday lenders drain more than

\$103 million

each year in fees from Michigan families.⁴ The majority of these fees go to out-of-state companies

Payday lending stores are disproportionately located in:⁵

- rural areas
- low-income areas
- communities of color

1. https://www.michigan.gov/ag/0,4534,7-359-81903_20942-171016--,00.html

2. <http://cedam.info/policy/payday/michigan-statewide-survey-key-findings/>

3. http://files.consumerfinance.gov/f/documents/Supplemental_Report_060116.pdf (page 108)

4. http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_statebystate_fee_drain_may2016_0.pdf

5. <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-michigan-paydaylending-aug2018.pdf> (page 5)