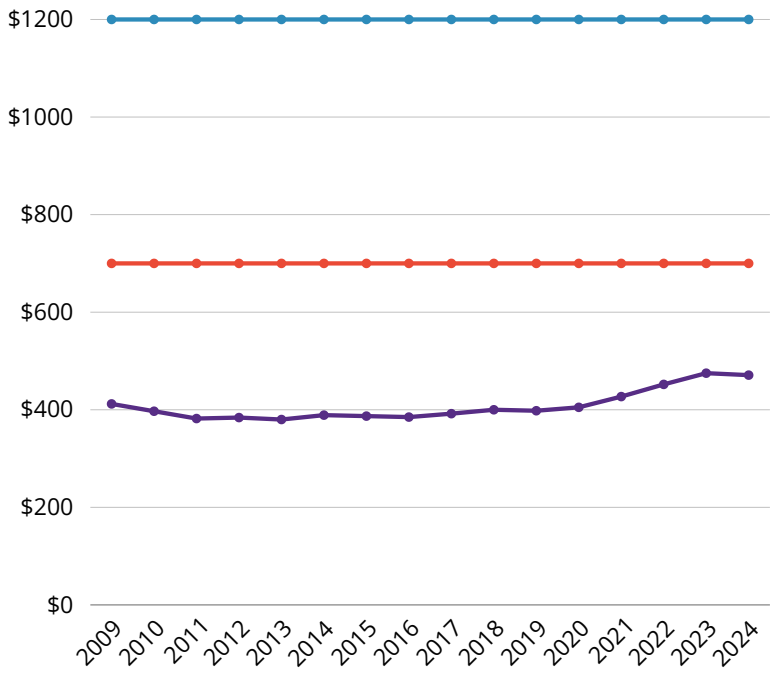
# OPPOSE HB 2361/SB 6250 to Protect Consumers from Payday Loan Debt

In 2009, the legislature passed strong payday lending regulations that have worked extraordinarily well to protect Washingtonians from predatory lending. **HB 2361/SB 6250 would weaken these protections by increasing the amount that payday lenders can loan from the current $700 limit to $1200 plus inflation.** As costs are rising, it's time to rely on our state's strong consumer protections, not weaken them and push Washingtonians into deeper debt.

## There is no demand to increase the loan limit:

Data from the Washington Department of Financial Institutions shows that the average payday loan amount was $412 in 2009, and has only increased to $471 in 2024. **The existing $700 cap is more than enough to meet the needs of existing borrowers**.

### Average Payday Loan Amount vs. Loan Limit, 2009-2024




**Proposed Payday Loan Limit**
**Existing Payday Loan Limit**
**Average Payday Loan Amount**

### Consumer input:

Poverty Action has asked about payday loans at every listening session we've held statewide for the past two decades. Before the 2009 law, listening session attendees told us year after year that the **debt trap caused by payday loans** was a major issue in their lives.

**Since the legislature enacted the 2009 bill, we haven't heard about payday lending at all.** Existing regulations work well for consumers and **we aren't hearing about an increased demand for these products or a desire to increase the loan limit**.

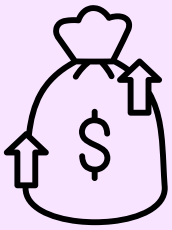
## Increasing the loan limit would increase income drain:

While the average borrower takes out a $400 loan, **the industry profits the most on borrowers who take out high dollar loans that they're unable to repay by payday**. Increasing the loan limit would increase the amount of fees charged to borrowers struggling the most financially.

In 2024, Washingtonians paid $17 million in fees to payday lenders. **That money could have paid for rent, groceries, utilities, or other essentials.**

| Loan Limit | Maximum fees for 8 payday loans |
|---|---|
| $700 | **$760** |
| $1200 | **$1,160** |
| $1,200 + 3% inflation | **$1,448** |

HB 2361/SB 6250 would cause a **34%** fee increase!



**The existing lending cap of $700 already meets the needs of Washingtonians.** Increasing the lending cap **only serves to increase the amount of fees** that Washingtonians pay to payday lenders and deepen the overall debt of Washingtonians.

Washingtonians have and deserve better options than high-cost loans that are designed to keep them in debt for the long term. **HB 2361/SB 6250 makes it easier for consumers to fall deeper into debt** instead instead of relying on the existing regulations that have worked since 2009.

Don’t push consumers into debt: **OPPOSE HB 2361/SB 6250**