

Friday, February 25, 2011 - 06:54:40

ARKANSAS POLITICS **Here come the loan sharks**



- [LOAN SHARKING: Former House Speaker Robbie Wills.](#)

Arkansas residents were warned that amending the Constitution last year would NOT set the interest rate limit at 17 percent for all time. It turned over to the General Assembly the power to alter the interest limit as needed on small loans. Wouldn't you know it? Three months after adoption of the 17 percent limit, an increase is already needed.

Legislation pushed by Robbie Wills, not even 60 days out of his job as House speaker and now on the payroll of loan sharks, has been filed to remove the 17 percent limit for loans of less than \$5,000. It's a cagey two-step process. **First they remove the limit**, a vote that takes 75 percent of those in the General Assembly. But then a separate bill will be introduced to set a new limit — as yet unrevealed. It requires only a simple majority. You may be sure that the enormous financial interests that control all the hugely profitable loan-sharking business (excuse me: "installment loan industry") in the U.S. can round up 51 votes with a few well-placed campaign contributions, steak dinners and cocktails.

Is this an emergency? Can lenders not make a profit at 17 percent when you have to look long and hard to find banks and credit unions paying even 1 percent on deposits? Isn't a 16-point spread sufficient for a comfortable profit, even for smaller loans to somewhat riskier borrowers? Sounds like the loan shark lobbyist Wills thinks a 35-point spread, to a 36 percent interest limit, is more reasonable, but we really don't know if that will be the limit or not. (**Credit card limits** — and you know how compassionate credit card companies are — are generally ranging from 12 to 16 percent currently, or up to 24 percent for bad risks. **Credit unions in Little**

Rock are currently charging around 11 percent on 36-month signature loans. Where, exactly, is the fire on this?)

I note that many of the same Republicans who are pushing bills to cut government programs for poor people, to kill health coverage for the poor and to cut tax rates for rich people are on board the bill to gut poor people with exorbitant interest rates. I'll remind you that Wills is working for a lobby that fought madly to kill the Obama administration's effort to set up an agency to oversee consumer financial practices.

Prediction: That 36 percent limit Wills seeks is sure to be attended by other profit-enhancing gimmicks for the blood-suckers. The little guy is powerless without some help from government.

But forget all of that financial regulation for a minute. Is there really anything sleazier than seeing the man who shaped virtually all the legislation that issued from the House in 2009 and 2010 (including the constitutional amendment opening the door to loan sharking) jumping days later onto a gravy train like this lobbying job? Now you see why sitting legislators exempted themselves from the so-called new ethics law. Free beer tomorrow. Better ethics tomorrow. Today, business as usual.

PS — It is to laugh. **Wills' organization announces** its support of this legislation. They probably wrote it.