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ARKANSAS POLITICS **GOP senator praises 'humanitarian' loan shark bill**

Posted by Max Brantley on Sun, Feb 27, 2011 at 7:03 AM

Jason Tolbert's blog did an item the other day on the **loan shark bill** being pushed by former **House Speaker Robbie Wills**, now a lobbyist.

Four months ago, Arkansas voters set the consumer interest limit at 17 percent. Now come legislators, barely 100 days later and led by Republican sponsors who invoke the supposed popular will every 10 seconds, to remove the 17 percent limit for small loans. **As I noted earlier, the new limit**, though a bill has not yet been filed, seems likely to be 46 percent at a minimum — 36 percent in monthly interest, plus a 10 percent origination fee. Much like payday loans, these loans will be "renewable" three times a year, each time with another 10 percent charge. The desperate lender who gets trapped by the loan sharks will thus be in the 86 percent interest range, not counting 5 percent late charges and who knows what other manner of assessments that will be nothing more than cloaks for interest.

I bring the subject up because I wanted to note an amazing comment by one of the loan shark bill sponsors, **Republican Sen. Jason Rapert**, the new Death Star of Bigelow, who follows in the footsteps of Death Star Bob Johnson for legislating against the public interest. Actually, that's unfair to Johnson, who did a decent thing or two, I think.

Among the Rapert highlights are bills to: Allow guns on college campuses; give huge tax breaks to the wealthy; the aforesaid loan shark bill; drug testing of unemployment recipients; tax cuts on utility bills for corporations, not individuals; assorted other tax cuts the state can't afford, and a constitutional amendment to make it just about impossible to raise taxes.

Low taxes and small government. That's Rapert's theme song. Also hypocrisy. He has sponsored six bills to direct money from the general improvement fund (the state pork barrel) to his district. **John Brummett happens to comment today** on the gang of greedy conservative tax-cutters who are filing such legislation in the face of tough economic times.

That ain't all. Rapert wants the federal government to spend millions on fish hatcheries. (And don't you just know he's howling about the need for the federal government to cut spending?)

But all this is only backdrop for Rapert's breath-taking comment on Tolbert's blog on the loan shark bill:

This concept is virtually the same as the concept of Microfinance — which is embraced by humanitarian organizations around the world as the savior of poor people who are denied access to credit. Microfinance can be found on the Internet and studied very easily. The bottom line is large banks do not want to loan 1,000 loans for \$100, they would rather do 1 loan for \$100,000 — small installment loans (microfinance) allows people who need small sums of money to meet emergency needs to get help. I urge everyone to study the concept of microfinance before passing judgement because if this tool is denied — people with credit problems and emergency needs will be denied access to funds. The legislation limits the maximum term to 18 months and no matter what interest rate is allowed a company could also do this for lower interest and create good competition — good conservative free economic principles. My sole support for this idea relates to the fact that I see the parallel it has to microfinance and I have witnessed people who have benefitted from the concept.

The microfinance with which I'm familiar — think the **Grameen Bank** or Kiva — target poor entrepreneurs with small loans to encourage self-sufficiency. Often a saving mechanism is included. Interest rates are higher because of the volume and risk, but they aren't anywhere near the 80 percent range and they are designed to improve people's lot, not to trap them in an inescapable loan shark trap. And neither he nor anyone has demonstrated why banks and other lenders bulging with money on which they are paying less than 1 percent on deposits can't make a profit lending that money at 17 percent. Most blood-sucking credit cards charge less.

Rapert, the humanitarian, describes himself as a financial adviser. **He sells insurance** — annuities and long-term care insurance and life insurance. I was interested in what the humanitarian has to offer in a couple of products. If he thinks 86 percent is a fair rate of interest for small loans, surely he could pay me 10 percent or so on an annuity and still put my money out to the installment loan industry at a profitable rate for all concerned. I also assume a humanitarian would have some great deals on nursing home insurance for your aging blogger. Alas, he has not yet replied to my request for quotes.

Rapert also didn't respond to one other question. Rapert and two family members head a 501c3 mission organization, **Holy Ghost Ministries**, which says it conducts revivals, seminars and humanitarian projects in the U.S. and Africa. **Ministry annual expenses of around \$60,000 are reported in a lump sum on the federal tax form.** I asked after a breakdown, but Rapert has not responded. In that he's also a sponsor of the state government transparency act, to create an on-line state checkbook, I thought he might support more transparency for his own taxpayer-subsidized nonprofit. (Contributions to it are tax deductible, thus making federal taxpayers his supporters.)



HUMANITARIAN LOAN SHARK: Jason Rapert

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