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**EDITORIALS>>Can't kill off payday loans**

Never have lamentations about the plight of the poor been so loud at the state Capitol, and we predict that never will so much harm be done in their name.

The clearest evidence is the working over given a good bill (HB 1036) to halt the depredations of the payday-lending industry, which typically charges poor people from 372 to 869 percent annualized interest on cash loans.

The bill repeals a section of the current law that allows the lenders to count interest charges as "fees" rather than interest, and it would fine a lender \$300 each time it charges a person more than 17 percent interest, which is the maximum allowed by the Arkansas Constitution.

If you haven't been in need of a payday loan, here is how it works: In a typical transaction, a worker writes the lender a check for \$400 and the lender hands the worker \$350 in cash and holds the check for 14 days.

If the person can't pay off the loan in that time he writes the lender another check for \$400, and the process can continue ad infinitum. The huge charges clearly violate the state Constitution under long-established doctrines of the Arkansas Supreme Court, but somehow no one seems able to get a definitive ruling from the court. So legislation is the best answer.

Rep. David Johnson, D-Little Rock, is the chief sponsor of the bill and 11 members — a bare majority — of the House Committee on Insurance and Commerce told Johnson they favored it, but he can't get the committee to vote. By way of history, the Insurance and Commerce Committees of the House of Representatives have traditionally been the Bermuda Triangle where all consumer legislation gets lost. Industry-sensitive lawmakers crowd on to those committees.

At another hearing Wednesday, members worried that if the payday lenders were subjected to too much regulation or, God forbid, went out of business, poor people would have nowhere to turn to get some quick cash before their next paycheck. And it is expensive, they said, for a business to service these desperate people. (Most people

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with bank accounts also have a credit card, where a cash advance will cost only a small fraction of the payday lenders' charge.)

Other legislators were opposed to the bill, or so they said, because it exempted pawnshops from the interest limits. Johnson said they were exempted because he did not have the strength to fight the pawnshops, too. The payday lenders are formidable enough. They contribute heavily to the campaign funds of legislators.

No legislator will come out and say that he is for protecting the privilege of the payday lenders to make big profits from capitalizing on the predicaments of the working poor. They always say they are fighting for the poor. So has it always been.

The head of an association fighting to outlaw the payday lenders' practices was dismayed Wednesday at the trouble sponsors had even getting the bill out of committee. The case for acting is so compelling that he thought passing the bill would be easy. You will not go broke underestimating the General Assembly.

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