



Bulletin from Mayor Elaine Scruggs

As I talk to members of the Glendale community to find out what is on their minds, I am consistently asked about payday lending stores. Payday lending stores are businesses that offer small, short term loans against a person's paycheck or other source of income. These businesses then charge fees that are often equal to an annual percentage of more than 350%.

We have all noticed the large numbers of these stores popping up in cities throughout the valley over the last several years. People usually ask what can be done to limit the numbers of these stores. The answer is that cities are not able to do much to regulate these businesses.

Payday lending stores are allowed in Arizona because of legislation that passed in 2000. The bill established licensing procedures and also specified that the fees would not be held to the 36% cap on annual interest that has been established by Arizona State Statute. The law that establishes the licensing procedures for the payday lenders to conduct business will expire in 2010.

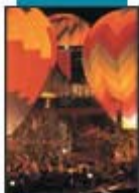
As a result of the outrage related to the payday loan industry, the following bills were among those introduced during the 2007 session of the Arizona State Legislature.

- HB 2224 – Would have prohibited the extension of payday loans
- HB 2539 – Would have regulated payday lending and loans to the military
- SB 1051 – Would have enacted a 36 percent interest rate cap and prohibits loan extensions
- SB 1052 – Would have caused the payday loan licensing program to terminate on July 1, 2008, rather than July 1, 2010
- SB 1101 – Would have capped interest rates on loans made by payday lenders at 36 percent
- SB 1446 – Would have given new protections to borrowers and erase the scheduled expiration in 2010 of the law that passed in 2000.

None of the bills listed above passed through the legislative process.

Representative Marian McClure has filed organizational papers for a 2008 ballot initiative that would ask Arizona voters to ban payday loans. The proposed ban would take place on October 31, 2008.

The origination of the payday lending industry is a perfect example of why Glendale citizens should become involved in the legislative process. Bills that are passed by the Arizona State Legislature and signed by the Governor, affect our community and our neighborhoods. It is important to stay informed so that we are able to speak up when legislation is introduced that



will have a negative effect on our community such as the bill that passed in 2000 that sparked the payday lending phenomenon.

I encourage all of you to participate in Glendale's Legislative Link program that is offered by our Intergovernmental Programs Department. The Legislative Link program is designed to keep residents engaged and informed about quality of life issues that will affect our community. The program consists of several interactive programs that provide citizens the knowledge and tools necessary to participate in the legislative process and to track the hot legislative issues. The program also consists of a Neighborhood Day at the Capitol where individuals are given a bus trip to the Capitol and provided the opportunity to meet with their legislators. Please watch my bulletins for information about the schedule and registration for the Legislative Link program.

Thank you taking the time to read my "Glendale Bulletins". Please contact me at (623) 930-2260 or mayorscruggs@glendaleaz.com, if you have any comments or questions. I strive to provide the most timely information and best possible service to you, the citizens of Glendale. I sincerely appreciate your feedback.

