



Published: 02.19.2008

## Senate panel supports payday loans

**Blendu: Ending the industry is not the answer**

**By Howard Fischer**

*CAPITOL MEDIA SERVICES*

PHOENIX — Insisting the product may be necessary, a Senate panel voted Monday to keep the payday-loan industry alive in Arizona until at least 2012.

The 3-2 party-line vote by the Senate Committee on Financial Institutions and Insurance came over the objections of several groups who insisted there is nothing fair about the short-term loans, which, on an annualized basis, carry an interest rate of 400 percent.

But the three Republicans on the panel said while they are troubled by some aspects of the industry, they believe the loans fill a void.

The measure is being pushed by the Community Financial Services Association, made up of most of the companies that provide these loans in Arizona.

When lawmakers first agreed to allow these high-interest loans, they wanted to see how they work. So, in essence, lawmakers agreed to a trial: The law authorizing the loans self-destructs in 2010 unless extended.

Unable to get that deadline repealed outright in prior years, the industry is trying a new tactic: A short extension, with a study of how it operates. Lobbyist Stan Barnes believes the study will show payday loan stores are needed here.

Sen. Robert Blendu, R-Litchfield Park, who is sponsoring the legislation, said simply putting the firms out of business — especially without more study — is not an answer.

"If they're not there, who's going to take their place?" he said.

But Kelly Griffith, lobbyist for the Southwest Center for Economic Integrity, said there are — or, at least, will be — alternatives.

She said the National Credit Union Association conducted training in December for its Arizona members to get them to make more small loans available.

All content copyright © 1999-2008 AzStarNet, Arizona Daily Star and its wire services and suppliers and may not be republished without permission. All rights reserved. Any copying, redistribution, or retransmission of any of the contents of this service without the expressed written consent of Arizona Daily Star or AzStarNet is prohibited.