

House Government Accountability and Oversight Committee
House Bill 123 Proponent Testimony
David Thomas, Austinburg Township Fiscal Officer
January 17, 2018

Chairman Blessing, Vice-Chair Reineke, Ranking Member Clyde and members of the committee, thank you for the opportunity to testify as a proponent for House Bill 123. My name is David Thomas and I serve as an elected Township Fiscal Officer in Austinburg at the very Northeast tip of Ohio in Ashtabula County. I am our county's youngest elected official.

You may be thinking, how did I, a small town elected leader who believes in limited government and local control end up here, advocating for Payday Loan Reform and state oversight? Very simply put, my community is hurting. I've welcomed several of you to our County for events and I know others here have made trips to Ashtabula-we're a traditional rust belt rural area where jobs have left, businesses closed, and folks are desperate. There are 135 of these storefronts across the Appalachian Ohio region. Many in my community have turned to Payday Loans with their promise of help, as a quick fix after seeing the gimmicky marketing of quick cash and easy payments.

My residents are too proud to ask for help, too scared to ask for details, these good hard working people have become trapped in a cycle that years later still haunts them. Payday Loans are not the sole cause of our hardship, but the \$1 million my County residents alone pay in excessive interest which would be saved from H.B. 123 could be used to support small business and sustain our local schools instead of being sent out of county, leaving despair behind. That is why my Board of County Commissioners, including former State Rep. Casey Kozlowski, passed a Resolution supporting H.B. 123. They too, are limited government officials. We support this intervention as we see the hardship because as local leaders we live amongst our residents and know the difference between the private sector serving a need and the private sector exploiting the vulnerable. I, as a township official, or county leaders cannot impact financial institutions- local level government can't do that, but you can.

My first government case study in civics occurred in 2008 where we studied the then-recently-passed legislation limiting short-term interest rates to 28%. As a student, this reform made perfect sense to me, and it made sense to over 60% of voters that year too. Today, public support for reform remains strong among voters in both parties and in all regions of Ohio, but nearly 10 years later rates are higher and cycles of debt are deeper than before previous reform efforts. Catholic Charities and other groups in Ashtabula are doing their best to educate my residents on financial literacy. But, when you're told you need to skimp and extend food and other necessities to pay down your bills on 42nd street and on 43rd street you see 4 store fronts offering easy money and quick cash with low payments but you're too concerned with those bills due tomorrow to read the fine print and ask questions- what do you think happens? Human nature steps in and education in the short term isn't enough.

I'm here for the farmer, the store clerk, and the machine operator from my community who told me they were too ashamed to speak publicly but wanted me to know something has to change. They are all educated but hit rough patches and needed short term help not knowing each of their loans would last over two years with thousands in fees and interest payments later. Government, these neighbors of mine remarked, is supposed to look out for the little guy when he's down. They want protections and they want better options. They didn't have anyone fighting for them in their time of need which is why I ask you to look out for my residents, to help correct this market failure and blatant issue in my small town and in our big state.

In small towns we support each other, which is why I am here today asking you to do what we at the local level, what we in the religious community, what we in the private sector alone cannot do- reign in the out of control 600% interest rate loans, enforce true competition among loan providers, and give my constituents and neighbors the certainty they need to know that we in Ohio will not let our friends and neighbors fall victim to predatory loan practices. H.B. 123 is that middle ground, market based, consumer focused solution.

Thank you for your consideration of this important legislation. In case it's helpful, I have done some research to see what conservative legislators in Colorado are saying about the success of their law, which HB123 is modeled on, which I have

submitted to the committee with my testimony. I'm happy to answer any questions you may have.