



Senate Bill 117
Senate Financial Institutions, Insurance and Technology Committee
Torey Hollingsworth, Executive Director, Ohio CDC Association
June 3, 2025

Chair Wilson, Vice Chair Lang, Ranking Member Craig, and Members of the Committee, thank you for the opportunity to provide opponent testimony on Senate Bill 117. My name is Torey Hollingsworth, and I am the Executive Director of the Ohio CDC Association (OCDCA), a statewide membership organization of over 250 locally based rural and urban nonprofits that work to rebuild neighborhoods and help Ohioans build wealth and improve their quality of life. Our members are community development corporations, often known as CDCs, who promote wealth building through creating opportunities for homeownership, small business development and more.

OCDCA advocates on behalf of our members to create public policy and a regulatory environment that will allow CDCs to be successful in their mission of revitalizing and strengthening communities. This includes advocating for strong consumer protections to ensure that Ohioans do not unintentionally end up in a cycle of debt that cuts off their ability to improve their financial situation. OCDCA was involved in efforts to pass payday lending reform in 2018, and we see many of the same concerns with Earned Wage Access products that lead us to oppose the current version of the bill.

Senate Bill 117 in its current form makes no distinction between direct to consumer products and those that are either employer sponsored (employer pays fees) or employer integrated. We believe changes should be made to include additional guardrails for direct to consumer and employer integrated products, which account for the vast majority of products currently being utilized.

It is our understanding that the Department of Commerce views EWA products as loans: providers give consumers money that the consumer repays at a later date. We agree, and urge the committee to delete line 496, which states that earned wage access services shall not be considered a loan or other form of credit.

Sec. 1320.09. (A)(1) Earned wage access services provided by a registrant in accordance with this chapter shall not be considered to be any of the following:

~~(a) A loan or other form of credit or debit;~~



If, in the end, the products are not to be classified as loans, we urge the committee to adopt changes to ensure adequate consumer protections are baked into a regulatory framework. Most significantly, the bill should be amended to:

Implement a fee cap- several states have incorporated fee caps, including Georgia, which caps fees at \$5 per transaction. Kentucky caps fees at \$3 for the first transaction in a month, \$2 for the second, \$1 for the third and \$0 for each subsequent transaction. This approach discourages the practice of loan stacking, where consumers are pulling several loans during a single pay period.

Set the default tip, gratuity, or other donation amount to zero dollars. This is necessary because of the multiple behavioral economic strategies that lenders use to make tips almost as certain as required fees. Nevada and Maryland include this requirement in their laws.

Chair Wilson, we are grateful that you have continued hearings on this bill. We feel the issue is deserving of continued dialogue outside of the budget process. We also appreciate the sponsor's willingness to meet with us and listen to our concerns. I'm happy to answer any questions you may have.