



**State Representative Tim Barhorst**

*House Bill 182 Sponsor Testimony  
House Financial Institutions Committee  
November 14<sup>th</sup>, 2023*

Chairman LaRe, Vice-Chair Pizzuli, Ranking Member Dell'Aquila and my fellow members of the House Financial Institutions Committee, thank you for the opportunity to provide sponsor testimony on House Bill 182 or the Consumer Installment Loan Act (CILA).

This proposed legislation aims to modernize the laws governing consumer installment lenders in Ohio, allowing local installment lenders to enhance their businesses while maintaining essential consumer protections.

This legislation addresses the evolving marketplace and makes lending laws consistent with the modern economy. HB 182 modernizes current law by recognizing electronic transactions as new methods of financial transactions, reflecting the changing preferences of consumers. Additionally, this legislation will raise the maximum interest rates lenders under CILA can charge from 25% to 36% to increase access to credit for all Ohioans and support local lenders in our communities.

This rate increase helps address an alarming trend of out-of-state and foreign institutions utilizing federal charters to import unregulated interest rates -some of which are north of 150%. When an installment lender is unable to provide a loan to an individual, the demand does not disappear. Instead, consumers are forced to seek alternatives that are often more expensive and may lack adequate regulation.

It is important to highlight the fact that installment loans are distinct from payday or title loans. The lenders under CILA are not the ones typically seen in late-night TV promotions or banner advertisements on websites. Instead, they are community partners dedicated to improving the financial well-being of hardworking Ohioans.

By increasing access to installment credit in Ohio, we can empower individuals and families, offering opportunities to build credit histories, repair damaged credit, and protect their household wealth - enhancing overall financial mobility. Overall, HB 182 ensures that Ohioans can still access safe and affordable credit offered by locally based, Ohio licensed lending institutions.

Thank you again for the opportunity to provide sponsor testimony on House Bill 182. We would be happy to answer any questions at this time.