



## Americans for Prosperity – Ohio OPPOSES H.B. 123

May 15, 2018

Members of the Ohio House of Representatives:

On behalf of Americans for Prosperity, the nation’s largest free market grassroots organization, and our tens of thousands of activists across Ohio, I **urge you to vote against House Bill 123**, which would restrict access to financing for some of our most vulnerable citizens in the guise of attempting to help them. Our organization is making **H.B. 123 a ‘Key Vote’ and will be recording your decision on our Legislative Scorecard.**

Payday loan opponents would like us to believe that these financial instruments are nothing but poverty traps, intended to exploit the financial emergencies of low-income families and ensnare them into usurious loan agreements. If this were actually the case, we would be appalled, and rightly so. But in reality, payday loans are more often used to smooth irregularities in household cash flow, allowing those with limited financial resources to access cash when they know they will be able to pay it back, as an advance on their next pay check.

According to a study by the [Pew Charitable Trusts](#), 69 percent of payday loan customers use them for routine expenses like rent, food, and clothing. Additionally, rather than being trapped in a never-ending spiral of debt and exorbitant interest rates, the average payday loan customer spends five months of the year in debt and seven months out of it, which could indicate that they are a return customer. According to [Thaya Brook Knight](#), Associate Director of Financial Regulation Studies at the Cato Institute, this data paints a picture of the average payday loan user that is starkly different from the victim that payday loan opponents would have us believe is the intended target of this lending practice. Rather than abusing low-income workers and families in need, the data supports that payday loans are used to improve the ability of borrowers to cover basic expenses and make their lives easier.

In fact, [81 percent](#) of payday loan users say that without these loans, they would be forced to cut down on basic expenses like clothes and food.

Helping families improve their financial situations and make ends meet is a critical challenge that needs to be overcome, but restricting access to financing options, as H.B. 123 would do if enacted, shows how good intentions can sometimes produce bad policy.

For these reasons, I **strongly urge you to reject H.B. 123**. Again, your decision on this bill tomorrow will be recorded as a **'Key Vote' on our Legislative Scorecard**. I look forward to working together to advance other, better policies that will truly help Ohio families transform their lives.

Best Regards,

A handwritten signature in black ink, appearing to read "MD", with a horizontal line extending to the right from the end of the signature.

Micah Derry

State Director, Americans for Prosperity – Ohio

*Americans for Prosperity (AFP) exists to recruit, educate, and mobilize citizens in support of the policies and goals of a free society at the local, state, and federal level, helping every American live their dream – especially the least fortunate. AFP has more than 3.2 million activists across the nation, a local infrastructure that includes 36 state chapters, and has received financial support from more than 100,000 Americans in all 50 states. For more information, visit [www.AmericansForProsperity.org](http://www.AmericansForProsperity.org).*