

# **The Stop Payday Lending Act of 2019**

WHEREAS payday lending is exploitative towards the poorest and most vulnerable of our society.

WHEREAS payday lending is an immoral exercise similar in nature of usury.

WHEREAS the people of Dixie deserve a banking and financial industry that assists them and does not place them in perpetual debt.

BE it resolved by the Legislature of the State of Dixie:

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## **SECTION I: SHORT TITLE**

The bill shall be referred to as the The Stop Payday Lending Act of 2019.

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## **SECTION II: DEFINITIONS**

1. “Loan” shall refer to the practice by which a financial institution offers capital to an individual with the legal obligation of paying back the loaned money back in addition to an agreed upon rate.
2. “Interest rate” is the additional cost paid by a loan taker towards a financial institution when paying off a loan.
3. “Financial institution” is a legally recognized organization capable of providing loans to individuals or corporations.

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## **SECTION III: PROVISIONS**

(A) [Title XXXVIII, Chapter 658.48, subsection 1](#) shall read as:

1. “(1) LOANS; GENERAL LIMITATIONS.—
  - a. “(a) A bank may extend credit to any person, including any related interest of that person, up to an amount of 15 percent of its capital accounts for loans and lines of credit which are unsecured. A bank may extend credit to any person, including any related interest of that person, in any amount up to 25 percent of its capital accounts for loans and lines of credit, all components of which are amply

and entirely secured. However, when outstanding loans consist of both secured and unsecured portions, the secured and unsecured portions together may not exceed 25 percent of the capital accounts of the lending bank, and the unsecured portion may not exceed 15 percent of the capital accounts of the lending bank.

- b. “(b) The commission may provide by rule for securities margin requirements.
- c. “(c) A financial institution shall not provide loans whose interest rates are in excess of 10 percent within an allotted time frame.
- d. “~~(e)~~ (d) The loan limitations stated in this section shall not be enlarged by the provisions of any other section of this chapter, except as provided in subsection (5).”

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## SECTION IV: SEVERABILITY

Should any section of this bill be found unconstitutional, the rest of this bill will remain in effect.

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## SECTION V: ENACTMENT

This bill will go into effect within three years of the passage of this bill.

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*This bill was written and sponsored by Banan\_Republic\_ (Assemblyman, Socialist)*