

In March 2016, two bills, [SB 842](#) and [843](#), were introduced in the Michigan Senate to allow the expansion of payday lending products offered in the state. Modeled on products offered in Ohio, the proposed legislation would allow payday loan storefronts to operate as Credit Service Organizations, permitting them to add on extra fees. As it was written, the legislation did not limit the length of the loan or the fees these CSOs can charge. In the case of Ohio, the fees equate to anywhere from 150-500% APR.

Loans authorized under SB 842 and 843 were marketed as a quick financial fix, but were actually a long-term debt trap for borrowers. They were essentially payday loans with excessive rates that would last months, or even years. Payday lenders would still receive access to the borrower's bank account without any regard to whether the loan is affordable or not. These bills were strongly opposed by many, and according to a statewide poll, there was clear and consistent bipartisan opposition to payday lending in Michigan.

These bills were up for testimony in the Senate Banking Committee, with statements from a wide array of organizations from around the state, a majority of which opposed the bills. At the end of committee, it was apparent that there were some serious concerns with the bills as written. Chairman Booher said there was no further action scheduled on the legislation and he would leave it up to the sponsor to work out the issues. You can access testimony and minutes from the March 8 committee hearing [here](#).

At this time we do not expect to see any further movement on these bills before the legislature recesses for summer. We will keep you updated on this and any further legislation introduced to expand payday loan product offerings in Michigan.