

RESOLUTION RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on October 1, 2013, Senate Bill 318 was signed into law, which created the Pilot Program for Increased Access to Responsible Small Dollar Loans to increase the availability of responsible small dollar installment loans of at least \$300 but less than \$2,500 (later increased to \$7,500); and

WHEREAS, the Program, which is set to expire at the end of 2022, grants consumers with little to no credit history access to loans with affordable terms and allows them to build or improve their credit history without falling prey to predatory lenders; and

WHEREAS, since its inception in 2014, the Program has demonstrated substantial growth; and

WHEREAS, according to the California Department of Business Oversight's Annual Report of Activity, over 59 percent of borrowers who took out more than one loan saw an increase in their credit score, averaging 183 points in 2018; and


WHEREAS, the Program helps borrowers in need of emergency capital, and as an example, in 2018, a large percentage of customers utilized small-dollar loans to pay for bills or medical or other emergencies; and

WHEREAS, in March 2020, the Federal Reserve issued a statement about the important role that responsibly offered small-dollar loans can play in helping customers meet their needs for credit due to temporary cash-flow imbalances, unexpected expenses, or income short-falls during periods of economic stress or disaster recoveries such as the COVID-19 emergency; and

WHEREAS, AB 2196 (Gonzalez) as amended, would extend the sunset date for the Program until January 1, 2028, and would require the Commissioner of Business Oversight to report with recommendations on whether the program should continue after January 1, 2028;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SUPPORT for AB 2196 (Gonzalez), as amended, which would extend the sunset date on the Pilot Program for Increased Access to Responsible Small Dollar Loans to January 1, 2028.

PRESENTED BY:

  
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GIL CEDILLO  
Councilmember, 1<sup>st</sup> District

SECONDED BY:

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MONICA RODRIGUEZ (verbal)  
Councilmember, 7th District

JUN 16 2020