

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

SENATE RESOLUTION

RESPECTFULLY REQUESTING THAT THE UNITED STATES CONGRESS PASS
FEDERAL USURY LEGISLATION

Introduced By: Senators Bates, Miller, Walaska, Picard, Ruggerio, and Blais

Date Introduced: March 24, 2010

Referred To: Senate Constitutional & Regulatory Issues

1 WHEREAS, The United States does not have a federal usury rate establishing a
2 maximum interest rate that can be charged to an individual when he or she takes out a loan or
3 opens a credit card account; and

4 WHEREAS, Usury statutes protect people from being taken advantage of and convinced
5 to take on loans they cannot afford; and

6 WHEREAS, Allowing excessive interest rates disproportionately hurts those at the
7 bottom of the economic ladder who accept such high rates because financial hardship leaves few
8 other options; and

9 WHEREAS, 48 out of 50 states have passed usury laws to protect their citizens; and

10 WHEREAS, These laws were rendered unenforceable in 1978, when the Supreme Court
11 ruled in *Marquette Bank of Minneapolis v. First of Omaha Service Corporation* that a bank
12 operating nationally could charge interest up to the amount allowed by the bank's home state; and

13 WHEREAS, Since the *Marquette* ruling, banks and credit card companies have moved
14 their operations to states with no restrictions on interest rates, circumventing state usury statutes;
15 and

16 WHEREAS, In 1991, the United States Senate passed a bill capping credit card interest
17 rates at 14 percent, but the United States House of Representatives failed to take further action;
18 and

19 WHEREAS, The United States is currently facing a financial crisis caused in large part

1 by predatory lending practices; and

2 WHEREAS, Many leading economists and financial forecasters are predicting a "credit
3 crunch," resulting in limited credit availability and increased interest rates; and

4 WHEREAS, Some credit card companies are currently charging interest of 30 percent or
5 more, making it extremely difficult for hardworking Americans to break the cycle of debt; and

6 WHEREAS, A national usury law would provide immediate relief to those people facing
7 high credit card debt, allowing them to save more, provide a higher quality of life for their
8 families, and bolster the economy; now, therefore be it

9 RESOLVED, That this Senate of the State of Rhode Island and Providence Plantations
10 hereby urges the United States Congress and President Obama to adopt legislation establishing a
11 federal usury rate of 21 percent, or no more than nine percentage points higher than the domestic
12 prime rate published in The Wall Street Journal; and be it further

13 RESOLVED, That the Secretary of State be and he hereby is authorized and directed to
14 transmit duly certified copies of this resolution to the Rhode Island Delegation to the United
15 States Congress, as well as members of the United States Senate Committee on Banking,
16 Housing, and Urban Affairs, and the United States House Committee on Financial Services.

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