

***SUPPORT OF AMENDMENT TO STATE FINANCE LAW TO GIVE INCENTIVE TO FINANCIAL INSTITUTIONS WHO CHARGE USURIOUS RATES TO COMPLY WITH THE NY STATE INTEREST RATE CAP OF 16%**

NY State Senator Squadron, along with Assemblymember Brian Kavanagh, are sponsoring legislation to encourage financial institutions and banks from outside NY to adhere to the NY State interest rate cap of 16% if they want to do business with the State of New York.

The Downtown Independent Democrats (DID) strongly support this legislation. We thank NY State Senator Squadron for listening to our members' concerns and devising means to tackle this little known, but important issue that affects our communities.

Federal law allows out-of-state financial institutions to charge NY State customers rates that are above NY State regulations of 16%. Financial institutions specifically locate themselves in other states that allow high rates (25 to 29% and higher) in order to use Federal law as a way to charge New Yorkers rates higher than what our state allows.

New Yorkers have suffered as financial institutions raised credit card rates to very high levels. This occurred at a time of economic hardship when many people were least able to afford it or to pay the balances off in full and cancel their credit cards.

Families that use credit cards and credit lines for emergencies such as car repairs, doctors visits and similar have been hard pressed to ever pay back these balances when the rates are jacked up to usurious levels. The monies that people could have put back into our local economy at a much needed time are instead paid to out-of-state banks, furthering the recessionary environment.

The legislation would require that state agencies take into account whether a financial institution complies with the NY State cap on the rate of interest for credit cards and loans when they evaluate proposals to procure banking services. NY State would encourage and provide an incentive to banks that adhere to the cap of 16% over those that don't.

We also thank all the co-sponsors of the legislation, including Assemblymembers Tony Avella, Tim Kennedy and Liz Krueger.

Downtown Independent Democrats have long lobbied on credit card reform. NY State, by enacting such legislation, will hopefully invest more of our taxpayer funds in a way that has a direct and positive effect on our local economy.

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