



GOVERNOR OF MISSOURI

JEFFERSON CITY

65102

JEREMIAH W. (JAY) NIXON
GOVERNOR

P.O. Box 720
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July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 694 entitled:

AN ACT

To repeal sections 408.500, 408.505, and 408.506, RSMo, and to enact in lieu thereof three new sections relating to unsecured loans of five hundred dollars or less, with penalty provisions.

I disapprove of House Committee Substitute for Senate Substitute for Senate Bill No. 694. My reasons for disapproval are as follows:

House Committee Substitute for Senate Substitute for Senate Bill No. 694 provides false hope of true payday lending reform while in reality falling far short of the mark. This bill cannot be called meaningful reform and does not receive my approval.

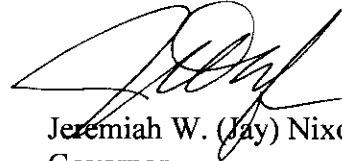
Supporters point to the lower cap on interest this bill would impose, but allowing payday lenders to charge 912.5% for a 14-day loan is not true reform. Supporters point to the requirement that payday lenders offer extended payment plans, but in states where payday lenders are required to offer such plans they are seldom used by borrowers. Supporters point to the legislation's requirement for payday lenders to comply with "restrictions and prohibitions *applicable to creditors* contained in the federal Fair Debt Collection Practices Act," but the Fair Debt Collection Practices Act does not apply to creditors, which renders this requirement hollow. Supporters point to the prohibition on loan rollovers, but missing from the legislation is anything to address the unfortunately all-too-common situation where someone living paycheck-to-paycheck is offered multiple loans by multiple lenders at the same time or is encouraged to take out back-to-back loans from the same lender.

Although some may contend that House Committee Substitute for Senate Substitute for Senate Bill No. 694 is an improvement over the status quo, it fails to protect consumers and fails to prevent the cycle of debt that payday lending perpetuates. Instead, House Committee Substitute

for Senate Substitute for Senate Bill No. 694 appears to be part of a coordinated effort by the payday loan industry to avoid more meaningful reform. This I cannot support.

In accordance with the above stated reasons for disapproval, I am returning House Committee Substitute for Senate Substitute for Senate Bill No. 694 without my approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jay Nixon", is written over the printed name.

Jeremiah W. (Jay) Nixon
Governor