

House Revenue Committee
April 25, 2011
Desiree Jones, Testimony in Support of HB 3640



Thank you for allowing me the opportunity to share my experiences as an Oregon consumer who has taken out a Refund Anticipation Loan (RAL) at tax time.

As a single mother of two working full-time, yet only earning \$1,900 a month, every penny counts. For the last several years I have been struggling to make ends meet. To add to the financial stress, for a long time my paycheck didn't line up with when my rent was due, forcing me to pay my rent late and rack up late charges.

Because I am eligible for the Earned Income Tax Credit, I have had to rely on my tax refund as an important source of income every year. Faced with my everyday problems of trying to cover all my expenses on time, I have been lured into what I now know is the false promise of RALs. At the

time, I didn't think twice about using RALs, because to be really honest, I was more concerned about how I was going to pay my bills than anything else.

But looking back, I see that these have turned out to be extremely expensive loans, with interest rates around 50%. It makes me frustrated and angry that I work so hard to provide for my children, and that businesses I used in the past were allowed to take my tax refund and the EITC benefit I count on. Using RALs was also a big worry to me - I was nervous not always knowing whether or not my refund would be able to cover the loans, which would cause even greater problems if I ended up owing more money, which I obviously didn't have if I was taking out the loan in the first place. The cost and the stress of the loans have taken a financial and emotional toll on me and my kids.

I strongly urge the Oregon Legislature to pass HB 3640. The predatory nature of RALs is something that should be regulated. This bill would have a direct positive impact on my life, and the lives of tens of thousands of Oregonians like me who are hard working people trying to improve our circumstances and contribute to our communities.