

February 3, 2026

Regarding: Support for HB 4116

Chair Sosa, Vice-Chair Chaichi, Vice-Chair Osborne, and Members of the Committee,

My name is Angela Donley, and I appreciate the opportunity to provide testimony on behalf of Oregon Consumer Justice in support of HB 4116.

Oregon Consumer Justice (OCJ) envisions a vibrant future where all Oregonians live with dignity and abundance and experience health, joy, and economic opportunity. We work collaboratively across policy and advocacy, community engagement, and the law, to realize a more just and equitable Oregon where people come first. For too long, flawed systems and policies have stood in the way of this reality, with communities of color most often experiencing significant harm. Informed by consumer insights, OCJ works to make financial and business transactions reliably safe and supports Oregonians in knowing and exercising their consumer rights.

Oregonians deserve fair and transparent lending practices free from predatory lenders and exploitative tactics. Access to credit should support a consumer when they have a financial need, not trap them in cycles of unmanageable debt.

In 2007, the Oregon legislature made the right decision to protect consumers' rights by eliminating licensing exemptions for financial institutions and capping interest rates at 36%. However, a federal law, the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA), allows state-chartered financial institutions to export the interest rates of their home state to Oregonians. As financial technology has evolved, predatory online lenders have found a way to exploit this law by using a loophole to sidestep Oregon's 36% interest rate cap and charge excessive rates of 160% or more. Oregon's 190 licensed lenders are not engaging in these predatory practices. They routinely offer loans, often well below the state's 36% rate cap, serving Oregonians across a wide range of credit scores. The harm instead comes from a small number of online lenders that exploit regulatory loopholes to target people who are most in need of affordable credit. According to the Department of Consumer and Business Services,

more than 22,000 of these high-interest loans have been made to Oregonians since 2020, siphoning millions of dollars from families who can least afford it.¹ It is time that we uphold Oregon's law and protect consumers from these companies.

Oregon can close this loophole by exercising its right to opt out of DIDMCA Section 521. Doing so will prevent out-of-state financial institutions from issuing loans with interest rates above Oregon's cap, safeguarding consumers from exploitative lending practices. States, including Colorado, Iowa, and Puerto Rico are among the jurisdictions that, have already taken this legislative step to opt out of Section 521, and Oregon should too.

Thank you for your consideration and your service in building the future that Oregonians deserve.

¹ [High interest consumer loans and "rent-a-bank" schemes](#), Division of Financial Regulation. January 14, 2026

