



February 4, 2026

Re: Support for HB 4116

Dear Chair Sosa, Vice Chairs Chaichi and Osborne, and Members of the Committee:

The Oregon Consumer League urges your support for HB 4116, opting Oregon out of predatory interest rates and lending practices.

For over 59 years, the Oregon Consumer League has worked to protect Oregonians' rights through education, policy development and advocacy. Our mission includes advancing pro-consumer legislation on the state and national level and defending against policies that harm Oregon consumers.

A key provision of HB 4116 would opt Oregon out of Section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA). Currently, DIDMCA allows state-chartered banks to export their interest rate caps to other states, often through online lenders. As a result of this loophole, Oregonians are entering into loans with interest rates much higher than Oregon's 36% cap.

Legislation passed by the Oregon legislature in 2007 intended that a 36% rate cap apply to all businesses making consumer loans in Oregon. Fintech companies partnering with out-of-state banks are exploiting the DIDMCA loophole and are making loans to Oregon consumers at rates far exceeding Oregon's 36% APR cap. Oregon consumers often do not understand that loans made online by an out-of-state lender carries triple-digit interest rates, higher than rates allowed under Oregon law.

This is not a small problem. February 3, 2026 testimony from Oregon DFR representatives stated approximately 22,000 loans exceeding Oregon's 36% cap have been made to Oregon consumers. A recent Oregon DFR enforcement action against a consumer finance company hiding behind an out-of-state bank to bypass Oregon's consumer protection laws took three years to resolve.

Oregonians are worried about debt and paying their bills. Predatory, high-interest loans keep consumers trapped in unsustainable cycles of financial insecurity. This bill does not prohibit access to credit; rather, it ensures that loans made to Oregonians are not predatory, are transparent, and consistent with Oregon law. Interest rate decisions should be made by an elected, accountable body—not by online lenders charging predatory rates. Opting Oregon out of the DIDMCA provision will help safeguard fair lending practices statewide.

We respectfully urge your support of HB 4116. Thank you for the opportunity to submit testimony and for your service to Oregon communities.

Sincerely,

Michelle Druce
Executive Director
Oregon Consumer League