



OregonConsumerLeague

February 23, 2026

**Re: Support for HB 4116**

Dear Chair Taylor, Vice Chair Hayden, 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. According to the Oregon Division of Financial Regulation ("DFR"), approximately 31,000 loans exceeding Oregon's 36% cap have been made to Oregon consumers since 2020. 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.

This bill does not prohibit access to credit. Multiple licensed lenders have no minimum credit scores and comply with the 36% cap. This bill ensures that loans made to Oregonians are not predatory, are transparent, and are consistent with Oregon law.

For Oregonians, this legislation means stronger safeguards against abusive lending, clearer rules for lenders, and greater financial stability for families already facing rising costs of housing, food, and healthcare. It helps ensure that our financial system works for people—not against them—and that Oregon remains a leader in consumer protection.

We 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