



650 California Street, 12th Floor — San Francisco, CA 94108 — (415) 960 1518

Representative Stanley Wright
State Capitol Room 412
Juneau AK, 99801

Dear Representative Stanley Wright,

I write to you today to voice Affirm's support for Alaska House Bill 145. This bill will provide much needed consumer protections against high cost and predatory lending, while also spurring competition and innovation among responsible credit providers. High cost and predatory lending drains millions of dollars a year from hardworking Alaskans. Ultimately, this bill will significantly benefit and support the financial health of Alaskans, and ensure a fair, transparent, and competitive credit marketplace.

Affirm, Inc. is a technology company that offers honest financial products that improve people's lives, and is committed to offering transparent, honest, responsible credit products to its consumers, and we never charge late fees. Affirm offers point of sale financing options to consumers with varying credit profiles. We are a technology company that partners with Member FDIC banks to offer consumers transparent, closed end installment loans through our network of over 200,000 merchants. Affirm's technology has helped our bank partner issue over \$28 million in loans to Alaskans in the last year with 46% of those loans going to low to moderate income consumers and 45% going to those with a FICO score below 640. In Alaska, we partner with close to 300 merchants, including The Drum Broker, Salmon Sisters, Tanner's Alaskan Seafood, PMU Marketer, and Alaskan Apparel, with over \$540,000 in revenue.

Merchants who partner with Affirm can offer our financing options on their website at cart check out. By using Affirm Merchants are able to increase sales volume and oftentimes providing a critical revenue boost to small business that would otherwise not be able to make the sale. Consumers benefit from having an affordable and honest credit option to finance their purchase. Affirm prides itself on keeping interest rates fair and transparent. Our interest rates range from 0-36% and we never charge fees. This means no late fees, no prepayment penalties, and no hidden costs.

As a responsible lender, we have been able to thrive and grow our business, while offering affordable, transparent, and honest financial products to our customers. Responsible lenders indeed grow and thrive in marketplaces capped at 36% APR. Affirm provides millions of dollars in credit every year to thousands of hard working Alaskans—all under 36% APR. As responsible lenders, we know it is possible to adhere to an all-in 36% APR cap and offer honest and affordable loans to borrowers, including non-prime credit worthy individuals. Affirm provides millions of dollars in credit every year to thousands of hard working Alaskans—all under 36% APR. We've supported interest-rate cap legislation in other states such as California, Illinois and New Mexico. Affirm values and takes its commitment to responsible lending seriously and this is demonstrated in our support for House Bill 145.

Thank you for your consideration,

Cheye-Ann Corona
Senior Manager, Government Relations and Public Policy
Affirm, Inc.



May 13, 2023

SENT VIA EMAIL

The Honorable Stanley Wright
Alaska State House of Representatives
Capitol Building
Juneau, Alaska 99801

Dear Representative Wright,

Global Federal Credit Union (Global FCU) appreciates your efforts to protect consumer rights with the introduction of House Bill 145. As Alaska's largest consumer lender, Global FCU is regularly involved in situations that would be impacted by this bill. However, we have one concern with the legislation as it is currently written.

Section 9 adds new language which states, "The interest rate on loans under (a) or (b) of this section shall be computed by including all fees, costs, and premiums charged under AS 06.20.260(a)(1) - (5)." AS 06.20.260(a)(2) refers to "...premiums actually paid out for insurance on any one or combination of the following: pledged property of the borrower, or consumer credit insurance;"

Under the federal Fair Credit Reporting Act, there are numerous legal protections regarding loans and credit insurance. These protections include disclosure and written acknowledgement that the Annual Percentage Rate purposely excludes insurance. This exclusion allows consumers to make an "apples-to-apples" comparison when buying insurance products. Calculating the Annual Percentage Rate to include insurance costs may make it impossible for these products to be offered to many Alaskan consumers.

We appreciate the opportunity to present these concerns and respectfully request that AS 06.20.260(a)(2) be removed from any calculation of the Annual Percentage Rate for consumer loans.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Sullivan", is written over a blue horizontal line.

Tim Sullivan
Government Affairs Manager
Global Federal Credit Union



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April 5, 2023

Rep Stanley Wright
Alaska Legislature
Juneau, AK 99801

RE: HB145 Support

Dear Representative Wright:

AARP finds that older adults face increasing financial challenges as they age and are poorly served by lending practices that threaten their financial livelihoods at a time when they are least able to rebound from shortfalls. Recent data estimate that nearly 1.8 million households headed by someone age 50 or older took out a payday, auto title, or related loan product in 2017—comprising more than two out of every five high-cost loan borrowers nationwide. 3.5 percent of households headed by someone age 50 to 64 used these products, reflecting similar usage to their younger counterparts, among whom 3.6 percent took out a loan. Of those age 65 and over, about 1.8 percent took out such a loan in 2017.¹

Meanwhile, borrower experiences after payday loan bans went into effect demonstrate that for many, the product was not necessary and without it, better alternatives were found. Ultimately, the preferred alternative may not be a credit product at all. In states that do not authorize storefront payday lending, 95 percent of would-be borrowers found other alternatives not involving credit, while only five percent took out a payday loan online or borrowed another way.²

AARP Alaska supports HB145 to protect the financial security of aging Alaskans. On behalf of the fastest growing senior population in the nation and our 77,000 AARP Alaska members, and for the benefit of all Alaskans, we thank you for your leadership on this important issue for older Alaskans.

Respectfully, Marge Stoneking
Advocacy Director, AARP Alaska

¹ AARP tabulations of Federal Deposit Insurance Corporation 2017 Survey of Unbanked and Underbanked Households. The June 2017 Current Population Survey asked a number of questions about financial services usage. This count includes any household in which someone took out "a payday loan or payday advance from some place other than a bank," or an auto title loan, or "any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher." (Pawn loans specifically were the subject of another question not included in this estimate.)

² Pew Charitable Trusts, "Payday Lending in America: Who Borrows, Where They Borrow, and Why," July 2012, available at https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pes_assets/2012/pewpaydaylendingreportpdf.pdf



June 20, 2023

Alaska State Legislature
Alaska State Capitol
120 4th Street
Juneau, AK 99801

RE: Support for House Bill 145 – Loans Under \$25,000; Payday Loans

Honorable Members of the Alaska State Legislature,

The Alaska Children's Trust (ACT) offers support for House Bill 145, which seeks to establish reasonable consumer protections for payday lending practices in Alaska. As the statewide lead organization focused on the prevention of child abuse and neglect, ACT fully supports enacting legislation to prevent the long-term, negative impacts of high-interest small-dollar loans on Alaskan families, including the increased likelihood of child maltreatment.

The detrimental impact of economic hardships and poverty on family well-being is widely acknowledged, serving as a major risk factor for child abuse and neglect. Financial strain can have far-reaching effects on family dynamics, amplifying stress, anxiety, and frustration within households. Parents may also find it increasingly difficult to provide for their children's basic needs, such as food, a safe place to live, clothes, and medical care. This scarcity of resources and the constant pressure to become financially solvent can result in a spectrum of behaviors, ranging from involuntary neglect to the emotional and psychological exhaustion of parents, increasing the risk of abusive behaviors directed towards their children.

To alleviate economic hardships or meet short-term deficits, Alaskan families often rely on payday loans. However, financial strain resulting from payday loans can both cause and further exacerbate these challenges. The appeal of payday loans lies in their easy accessibility and quick cash disbursement, naturally making them attractive options in times of immediate financial need. However, extremely high interest rates and short repayment periods associated with these loans can easily trap families in a cycle of debt and poverty.

In 2020, neglect and medical neglect made up 75% of all substantiated child maltreatment cases in Alaska, illustrating how distinctly tied economic hardship is to Alaska's incredibly high rates of child abuse and neglect.

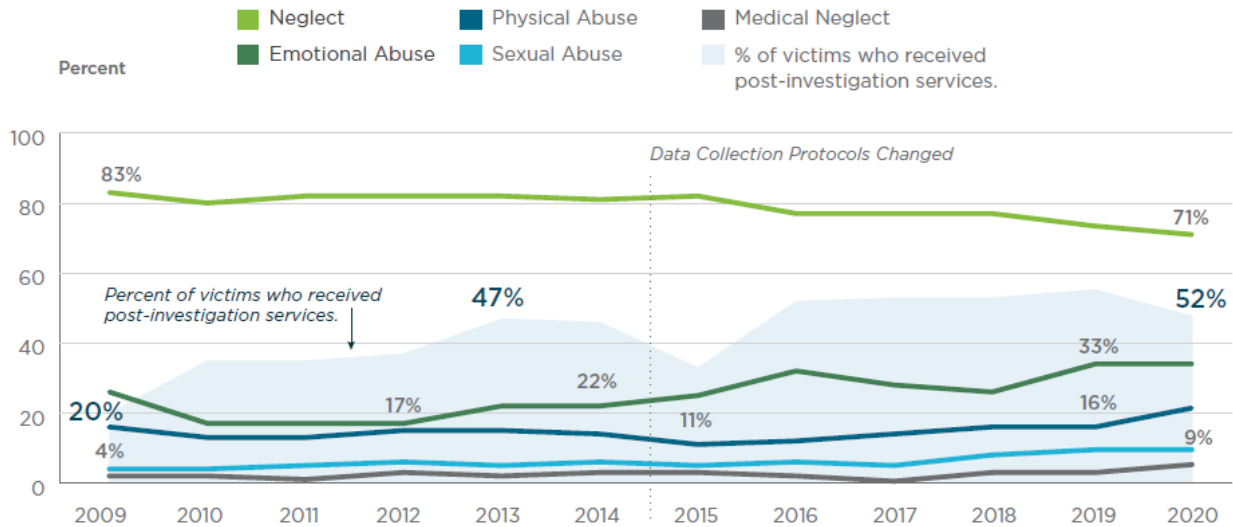


Figure 15. Distribution of Children Who Are Confirmed by Child Protective Services as Victims of Maltreatment by Maltreatment Type, Percent (2009-2014, 2015-2020)
 Source: U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children’s Bureau. Retrieved from: KIDS COUNT Data Center.

House Bill 145 addresses the need to standardize rational safeguards for low-income families who face financial instability. By ensuring payday loans are subject to a reasonable maximum interest rate in line with other small-dollar loans, Alaska can mitigate a known contributing factor to cycles of poverty that can lead to adverse outcomes for children.

As Alaska continues to grapple with one of the highest rates of child abuse and neglect in the country, we should be looking at every possible solution to help strengthen our children and families. By strengthening and implementing consistent consumer protections for moments when families are in greatest need, we can foster a state that prioritizes economic stability and the well-being of Alaska’s most valuable resource – our children.

Together, we can prevent child abuse and neglect. Thank you for your consideration and support of House Bill 145.

Sincerely,

Trevor J. Storrs
 President & CEO
 Alaska Children’s Trust