



## AGENDA MEMORANDUM

Workshop Item for the City Council Meeting of October 14, 2014

**DATE:** September 25, 2014

**TO:** Ronald L. Olson, City Manager

**FROM:** Tom Tagliabue, Director, Intergovernmental Relations  
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Workshop on credit access business regulation ordinance.

### STAFF PRESENTER(S):

Name	Title/Position	Department
1. Tom Tagliabue	Director	Intergovernmental Relations

### OUTSIDE PRESENTER(S):

Name	Title/Position	Organization
1. Bennett Sandlin	Executive Director	Texas Municipal League

### BACKGROUND:

Consumer advocates and community activities are urging municipalities, such as Corpus Christi, to use the city's ordinance-making powers to rein in lending practices of payday lenders, also known as credit access businesses or auto title lenders, because the State of Texas has failed to take significant action. The actions requested of municipalities generally include, but are not limited to: (1) regulating the location of payday lending businesses through municipal zoning regulations and (2) limiting the size of loans, interest rates and fees charged by the payday lender to the consumer.

Approximately 18 Texas cities are known to have enacted business regulations over payday lenders. Amarillo is expected to adopt the ordinance before the end of September (approved first reading on August 27, 2014) and become the 19<sup>th</sup> city to enact the ordinance.

In Texas, payday and auto-title lending is an estimated \$4-billion-a-year industry. The Office of Consumer Credit Commissioner (OCCC), the state agency responsible for licensing and regulating these businesses in Texas, reports that there are an estimated

3,000 credit access business locations in Texas. According to the OCCC, there are approximately 75 credit access business stores inside the Corpus Christi Metropolitan Statistical Area (MSA). Some 64 credit access business stores (almost 88.8%) are located within the city limits of Corpus Christi. Three each are located in Portland in San Patricio County and Rockport in Aransas County and two stores are located in Robstown in Nueces County.

Supporters of the industry claim lenders offer a needed service to consumers who have few options for short-term loans. Critics say the businesses prey on struggling Texans by charging high fees and trapping borrowers in a cycle of debt.<sup>1</sup>

**LIST OF SUPPORTING DOCUMENTS:**

Attachment – TML Uniform Credit Access Business Regulation Ordinance  
Attachment – Map of State-Licensed Credit Access Business locations in Corpus Christi  
Attachment - OCCC Credit Access Business Annual Reporting for Corpus Christi MSA  
Attachment-Implementation information from other Texas cities  
Attachment-Consumer Financial Protection Bureau Report

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<sup>1</sup> Texas Tribune “Fight Over Payday Loans, From Capitol to Campaign Trail”, January 15, 2014