



**VALENCIA COUNTY**

**A RESOLUTION IN SUPPORT OF AN ALL-INCLUSIVE 36% APR CAP ON  
STOREFRONT LOAN COMPANIES IN NEW MEXICO**

**RESOLUTION NO 2021- 11**

**WHEREAS**, the Board of County Commissioners of Valencia County, met upon notice of a duly published Business meeting on February 3, 2020, at 5:00 P.M. in the Valencia County Administration Building, 444 Luna Avenue, Los Lunas, New Mexico 87031; and,

**WHEREAS**, NMSA 1978, Sections 4-37-1 *et seq.* provides that counties may adopt those resolutions and ordinances, not inconsistent with statutory or constitutional limitations place on counties, to discharge those powers necessary and proper to provide for the safety, convenience of the county and its inhabitants; and,

**WHEREAS**, the Valencia County Board of County Commissioners is the duly authorized governing body of Valencia County, a New Mexico political subdivision; and

**WHEREAS**, there are fifteen (15) licensed storefront loan companies within the geographical boundaries of Valencia County that routinely charge New Mexicans up to 175% APR on loan products;

**WHEREAS**, storefront loan companies licensed to do business in New Mexico make a variety of high-cost loan products, including unsecured installment loans, loans secured by a car title, and tax-time refund anticipation loans;

**WHEREAS**, studies completed by the Consumer Financial Protection Bureau, the Center for Responsible Lending, and the Pew Charitable Trusts have all shown that triple-digit interest rate lending traps borrowers and their families in cycles of debt; and

**WHEREAS**, studies conducted by the Consumer Financial Protection Bureau and other organizations show that triple-digit interest rate loans take money out of consumers' pockets, thus damaging local businesses and reducing jobs in local economies; and

**WHEREAS**, high-cost storefront lenders target low-income New Mexicans, particularly communities of color;

**WHEREAS**, 64% of storefronts lenders in New Mexico are located with 15 miles of Native American land;

**WHEREAS**, data reported by the New Mexico Regulation and Licensing Department shows that in 2019, storefront lenders lent more than \$666 million in high cost loans and collected more than \$220 million in interest and fees from New Mexico borrowers;

**WHEREAS**, data reported by the New Mexico Regulation and Licensing Department shows that in 2019, storefront lenders repossessed 2,293 vehicles from New Mexico borrowers;

**WHEREAS**, as of November 30, 2020, there were 561 storefront loan companies licensed by the New Mexico Regulation and Licensing Department;

**WHEREAS**, more than 85% of storefront lenders in New Mexico are subsidiaries of large, out of state corporations;

**WHEREAS**, New Mexico has the highest interest rate cap in the nation for loans over \$2000 and has one of the highest interest rate caps in the nation for loans up to \$500;

**WHEREAS**, 17 states and the United States Department of Defense have interest rates of 36% APR or lower and have not reported any decrease in availability of credit;

**WHEREAS**, more than two-thirds of New Mexicans surveyed supported an interest rate cap of 36% APR;

**WHEREAS**, the New Mexico Legislature has the authority to determine and to cap the interest rate that storefront lenders doing business in New Mexico can charge consumers.

**NOW, THEREFORE**, be it resolved by the governing body of the County of Valencia:

(I)

**THAT** the Board of County C urges the New Mexico Legislature and the Governor of New Mexico to enact an all-inclusive cap of 36% on the interest rate and fees that storefront lenders doing business in New Mexico can charge.

(II)

**THAT** the Board of County Commissioners of Valencia County further urges the Director of the Financial Institutions Division of the Regulation and Licensing Department and the New Mexico Attorney General to exercise its full rulemaking powers under the Small Loan and Bank Installment Loan Acts and the Unfair Practices Act, respectively, to end high-cost storefront lending abuses.

(III)


**THAT** a copy of this resolution will be forwarded to the Governor of the State of New Mexico, the New Mexico Regulation and Licensing Department, the New Mexico Attorney General, and other entities or persons as designated by the County Manager and Board of County Commissioners.

3. Valencia County opposes any effort to impose additional liability on individual government officials or employees, as such conduct would likely have a chilling effect on all governmental entities to recruit, hire, and maintain critical public safety and other employees.
4. Valencia County demands that the Legislature fund initiatives that address the actual problems, including substance abuse and mental health which has been largely ignored by the State and left to the counties, instead of proposing legislation to take funds from taxpayers in the poorest of communities and only exacerbates the problems.
5. Valencia County demands that any legislator who will financially benefit from the qualified immunity proposal recuse themselves from the vote or that insurance broker or attorney members of the legislature pledge neither they nor their firm(s) will ever sell insurance policies to cover the liability created or accept attorney fees required to be paid by the legislation.


**PASSED, APPROVED AND ADOPTED THIS 3<sup>rd</sup> DAY OF FEBRUARY 2021.**

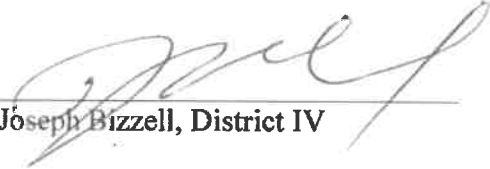
**BOARD OF COUNTY COMMISSIONERS**

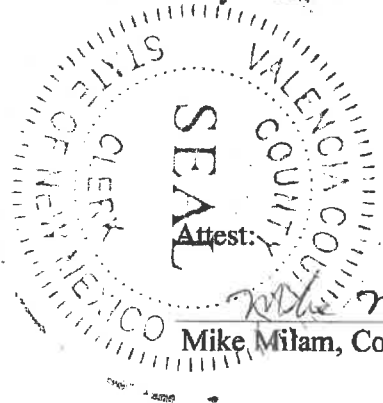
  
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Gerard Saiz, Chair, District I

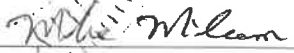
  
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Jhonathan Aragon, Vice-Chair, District V

  
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Troy Richardson, District II

  
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David A. Hyder, District III

  
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Joseph Bizzell, District IV



  
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Mike Milam, County Clerk

2-5-2021