

**April 3, 2015**

**Testimony before the Assembly Committee on Commerce and Labor**

*Prepared Statement of the Kenny Guinn Center for Policy Priorities*

**Introduction**

The Kenny Guinn Center for Policy Priorities has published several policy-related pieces on economic and financial security of families in Nevada and the Intermountain West.<sup>1</sup>

**Need**

- Nevada has roughly 228,000 veterans.
- Recent studies have demonstrated that poverty and homelessness levels are high among veterans:
  - Nearly 1 in 7 are homeless; another 1.5 million are at risk of homelessness due to poverty
- Chronic financial insecurity often results in the continued or repeated use of high interest financial products (e.g., loans). These loans are often used to pay monthly household expenses.
- In the U.S., 5.5 percent of individuals have used high interest lenders.
  - While national data is limited, preliminary data suggests that national average of high interest loan use by veterans is roughly 5 percent.
- A recent study conducted by the University of Nevada Las Vegas found that Nevada’s active duty members of the military and our veterans are falling into the debt trap of these high-interest loans.
  - One in five Nevada veterans (20 percent) have used high interest loans. Of those who took out a payday loan, half still carry payday loan debt.
- Payday lending rates in Nevada are among the highest in the Intermountain West. In Nevada, the average payday loan carries an annual interest rate of more than 500 percent.<sup>2</sup>

**Protect Veterans and Strengthen Financial Security**

- In 2006, President George Bush signed the Military Lending Act (MLA) into law, which prohibited high interest lenders from extending high interest products to active members of the military. All such loans have an interest rate cap of 36 percent.
- Veterans, however, are not protected under the MLA.
- Nevada’s Military Lending Act Extension would extend MLA protections to Nevada’s 228,000 veterans by expanding the definition of “military” to include active military personnel and veterans.
- The Military Lending Act Extension would require that:
  - All loans under this chapter be capped at a 36 percent Military Annual Percentage Rate;
  - All loans under this chapter to active military and veterans must adhere to the MLA, regardless of the term or amount of the loan; and
  - Every application must ask if the applicant is a Military Service Member or Veteran.
- The MLA Extension could help strengthen the financial security of veterans and their families.

**Recommendations**

1. Pass the Military Lending Act Extension.
2. Establish a state-wide Task Force to evaluate the financial and economic security of all families in Nevada, including veterans and military families.

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<sup>1</sup> The State of Latinos in the Intermountain West (June 2014); Nevada Tops States in Delinquent Debt (August 16, 2014)

<sup>2</sup> Guinn Center. The State of Latinos in the Intermountain West, page 49.