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2026 Arizona Consumer Affordability Policy Agenda

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The “Affordability” Agenda for Arizona families must address high cost and predatory credit. Borrowers are paying too much for cash loans due to add-on fees, lax enforcement of the Consumer Lender law, and the predatory car title loan carve out from Arizona’s usury law. The so-called early wage advance industry is again attempting to legalize payday lending. The Arizona legislature and regulators must take action to make credit safer and more affordable.

KEEP SAYING NO TO PAYDAY LOAN PRODUCTS

No on HB2309¹.

Stop the latest version of payday lending (so-called Earned Wage Advance² products) from winning a carve-out from Arizona usury laws. This product is just the latest form of the triple-digit rate, debt trap payday loans rejected by Arizona voters in 2008 who said No on Prop 200³.

MAKE CONSUMER INSTALLMENT LOANS MORE AFFORDABLE

Arizona’s usury law is the Consumer Lender law (A.R.S. 6-601⁴ et seq) which caps rates and sets fee and loan term limits for nonbank cash loans up to \$10,000. Rates are capped at 36% for loan amounts up to \$3,000 and 24% on amounts over \$3,000 to \$10,000. Lenders can also charge a 5% administrative fee up to \$150. Consumer Lender loans can be unsecured and secured as well as closed-end installment loans or open-ended lines of credit.

¹ See “CEI Letter in Opposition to Arizona House Bill 2309 - Payday (EWA) Loan Exemption from Arizona’s Consumer Lending Laws”, January 27, 2026, at:
<https://www.nomoreloansharksaz.org/gallery/2026-01-27%20CEI%20Letter%20in%20Opposition%20to%20AZ%20HB2309.pdf>

² See “Earned Wage Advance / Payday Loan Apps” at NoMoreLoanSharksAZ.org
<https://www.nomoreloansharksaz.org/Earned-Wage-Advance/>

³ See CEI Factsheet “Arizona Lawmakers Said **NO** to Usury Since Prop 200 VOTE in 2008”, at:
<https://www.nomoreloansharksaz.org/gallery/2026%20AZ%20Factsheet%20No%20on%20Usury%20since%202008.pdf>

⁴ A.R.S. 6-601-639 under “Consumer Lenders”
<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/6/00601.htm>

ENFORCE THE USURY LAW

The Department of Insurance and Financial Institutions (DIFI) has proposed giving licensees a grace period to make loans larger than the law allows. DIFI is considering working around Consumer Lender definitions by having licensees get a Sales Finance license to make car title loans which have no size limit, can cost over five times as much as a Consumer Lender loan with few consumer protections⁵. **CEI opposes both proposals^{6,7}.**

LOWER THE COST OF CONSUMER LENDER LOANS

Repeal the Five Percent Fee added to 36% Rate Cap

In addition to the 36% rate cap on loan amounts up to \$3,000, Arizona law permits licensees to charge a five percent loan origination fee up to \$150 (A.R.S. 6-635.4⁸) That makes the permitted rate 41% for a \$2,000 two-year loan and 30% for a \$10,000 five-year loan, not the 36% / 24% cap⁹. Not only does this fee drive up the cost of loans, but it also gives lenders an incentive to rewrite loans since it can be charged again after one year into loan terms.

Prohibit loan packing with the sale of low-value, high commission add-on products, such as credit life insurance. Consumer Lenders are permitted to sell borrowers a raft of insurance products per A.R.S. 6-636¹⁰ that largely protects the lender, not the borrower. While presented as “voluntary” purchases, borrowers may believe that agreeing to these extras will make obtaining a loan more likely¹¹.

⁵ See AZ DIFI “Regulatory Bulletin 2025-04 (DFI): Consumer Lender/Sales Finance Dual License” at: https://difi.az.gov/sites/default/files/Regulatory%20Bulletin%202025-04_Consumer%20Lender_Sales%20Finance%20Dual%20License.pdf

⁶ See “CEI Comment Letter to AZ DIFI re: Regulatory Bulletin 2025-04 (DFI)”, September 26, 2025, at: <https://www.nomoreloansharksaz.org/gallery/2025-09-26%20AZDIFI%20Docket%20CL%20and%20SF%20Lic.%20CEI%20comment.pdf>

⁷ See “Ad Hoc Meeting on Regulatory Bulletin 2025-04: Consumer Lender/Sales Finance Dual License” at: <https://www.youtube.com/watch?v=9fx1OgzdeGY> with CEI comments starting at 21:06 <https://www.youtube.com/watch?v=9fx1OgzdeGY&t=1266s>

⁸ A.R.S. 6-635.4 Other allowable fees; etc. <https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/6/00635.htm>

⁹ See “State APR Caps for \$500, \$2,000, and \$10,000 Installment Loans”, NCLC, December 18, 2025, at: <https://www.nclc.org/resources/fact-sheet-state-annual-percentage-rate-apr-caps-for-500-2000-and-10000-installment-loans/>

¹⁰ A.R.S. 6-636 Insurance securing loan; etc. <https://www.azleg.gov/viewdocument/?docName=https%3A%2F%2Fwww.azleg.gov%2Fars%2F6%2F00636.htm>

¹¹ See “Buried in Debt: High-Cost Credit Products Harm Working Coloradans”, CRL, December 2025, at: <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-buried-in-debt-dec2025.pdf>

REPEAL CAR TITLE LOAN LAW IN TITLE 44¹²

Require all nonbank consumer cash loans be subject to the Consumer Lender law in Title 6

The legislature should “sunset” the law enacted in 2000 to let car title lenders evade Arizona’s usury law and charge 120 to 204% for cash loans “secured” by the borrower’s vehicle. All nonbank cash loans should be subject to Arizona’s Consumer Lender law rate caps of 36% for loan amounts up to \$3,000 and 24% for amounts over \$3,000 to \$10,000.

Requiring one license and one set of protections for consumer loans also streamlines licensing and supervision by the Department of Insurance and Financial Institutions.

Setting one rate cap and consistent loan requirements fosters fair competition. Consumer Lenders and Sales Finance companies making Secondary Motor Vehicle Finance Transaction loans (car title loans) are both making secured and unsecured cash loans under two sets of protections¹³.

STOP EVASIONS OF ARIZONA’S USURY LAW

Stop car title lenders from making loans to borrowers who do not hold a clear title to secure the loan.

Payday loan look-alike “registration” loans showed up in Arizona after the payday loan law expired in 2010 and payday lenders switched to Sales Finance licenses to continue making loans at rate even higher than Prop 200 would have permitted for a one-month loan “secured” by the borrower’s bank account.

Amend A.R.S. 44-281.12¹⁴, A.R.S. 44-291¹⁵ to explicitly require that secondary motor vehicle finance transaction loans be secured by the clear title to the borrower’s vehicle.

¹² A.R.S. 44-281-291 under “Motor Vehicle Time Sales Disclosure Act”

<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/44/00281.htm>

¹³ See CEI Factsheet “Title Lenders and Consumer Lenders Should Play by the Same Rules in AZ” at:

<https://nomoreloansharksaz.org/gallery/2026%20AZ%20Factsheet%20Car%20Title%20Lenders%20cf%20Consumer%20Lenders.pdf>

¹⁴ A.R.S. 44-281.12 “Secondary motor vehicle finance transaction”:

<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/44/00281.htm>

¹⁵ A.R.S. 44-291 “Secondary motor vehicle finance transaction”:

<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/44/00291.htm>

That was the legislative intent when this law was enacted but the law has not been enforced to stop loans “secured” by a vehicle to borrowers who do not own their vehicles free and clear.

Stop Out-of-State Lenders from laundering loans through banks to evade Arizona usury protections.

“Rent-a-Bank” lending results in triple-digit rate loans that trap borrowers in unaffordable debt. At least eight lenders are charging triple-digit rates for loans in Arizona via the rent-a-bank scheme.

Arizona can stop this by opting out of the federal law, the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA), that permits state banks headquartered in other states to export their home state rates to Arizona^{16,17,18}.

¹⁶ See CEI Factsheet “Stop Rent-A-Bank Lenders from Operating in Arizona” at: <https://www.nomoreloansharksaz.org/gallery/2026%20AZ%20Factsheet%20Rent-A-Bank%20lenders.pdf>

¹⁷ See “Stop High-Cost Lenders from Evading State Laws: An Overview of Rent-a-Bank Schemes & the Simple DIDMCA Opt-Out Solution”, CRL, November 2023, at: <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-didmca-factsheet-nov2023.pdf>

¹⁸ See “Appellate Court Upholds Colorado’s Power to Block Predatory Out-of-State Bank Loans”, NCLC Press Release, November 10, 2025, at: <https://www.nclc.org/appellate-court-upholds-colorados-power-to-block-predatory-out-of-state-bank-loans/>