

Cooper's Choice: Help Consumers or Cash & Carry Politics?

By Bob Hall

Talk about pay-to-play legislation.

Just before the NC General Assembly adjourned on June 30, the consumer loan industry won a prize piece of legislation from state legislators who have benefited handsomely from the industry's campaign donations that total over \$500,000 in the past four years.

In a surprise move, the top recipient of that money, Sen. Phil Berger (R-Rockingham County), let an industry-backed amendment be added on the Senate floor to an unrelated dental bill. In the mad rush to adjourn, hardly anyone noticed.

If Governor Roy Cooper doesn't act soon, the amendment will allow finance companies to expand the lucrative practice of selling borrowers credit insurance on the personal property that they use to secure their loans. Opponents call this "junk insurance" because borrowers get no real benefit for the extra cost. In fact, the NC Department of Insurance found that less than \$9 is paid in claims for every \$100 borrowers pay in premiums for this kind of credit insurance.

"We're just modernizing the law," Royce E. Everette, Jr., chair of the legislative committee of the Resident Lenders of North Carolina, told *The News & Observer*. In truth, the amendment dramatically expands what the lenders can cover with their junk insurance – everything from home computers to dirt bikes to boats.

Mr. Everette is also among the top 10 most prolific political donors in the state, according to an analysis by Democracy North Carolina, a nonpartisan watchdog group. In the past four years, he has donated to over 60 state legislators and given at least \$188,000 to state campaigns and parties. His mother and business partner, Gail N. Blanton, donated another \$49,200 in that period.

All totaled, about two dozen consumer lenders and their PACs gave at least \$530,000 to state politicians and party committees from January 2013 to December 2016. Republican candidates and committees received 92 percent of the donations.

Democracy NC's research reveals that the consumer loan industry has a pattern of winning legislation based on its campaign money rather than the legislation's merits. It happened in 2011 and 2013, when Republican leaders in the General Assembly pressured legislators to increase interest rates on consumer loans as a payback for the industry's surge in donations to the party's candidates. And now it's happening again.

The only thing standing in the way of the industry's prize amendment from becoming law is Gov. Roy Cooper. He should veto the legislation and condemn the practice of pay-to-play politics in Raleigh.

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