



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

May 7, 2019

Chairman Abney
House Finance Committee
Rhode Island State House
82 Smith Street, Providence, Rhode Island, 02903

Re: H5105 -- Pay Day Loans (Support with Amendment)

Dear Chairman Abney and Members of the Committee,

As Executive Director of the Providence Human Relations Commission, I write to you today in strong support of House Bill 5105.

Impaneled in 1963, the Providence Human Relations Commission works to protect and expand residents' rights to fair housing, education, employment, credit and public accommodations, free from discrimination. As they stand today, payday loans propagate and exploit low-income constituents and constituents of color's unequal access to credit.

The terms on payday loans are predatory and unregulated -- borrowers are trapped in debt cycles through APRs that can exceed 300%, and spiraling rollover fees that quickly surpass the principals of these loans. This bill is a necessary protection from predatory lending for low-income constituents, for whom payday loans are often the only forms of credit readily available, and for communities of color across our state, where payday loan enterprises are disproportionately located.

Capping the APRs for payday loans to twenty-eight percent, requiring a maturity date of more than ninety days from closing, and requiring payments be made monthly with each payment being no more than twenty-five percent of the loan's original principal are critical first steps in protecting our constituents. While capping fees to 60% of the principal of the loan is a bit high, and I would encourage the Committee to consider lowering this rate through an amendment, I write to you today in strong support of H5105. Thank you for your consideration.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Sol Taubin".

Sol Taubin
Executive Director
Providence Human Relations Commission