



March 13, 2025

The Honorable Joseph J. Solomon Jr.
Chairman, House Committee on Corporations
Room 101, Rhode Island State House
Providence, RI 02903

RE: SUPPORT for H 5042 -- 2025

Dear Chairman Solomon,

I am writing to you today express my support for House bill 5042, which would repeal provisions of the Rhode Island General Laws that allow deferred deposit providers, otherwise known as “payday lenders,” to operate within our state.

Payday loans are traditionally short-term loans provided by specialty lenders in smaller monetary amounts. Repayment is due a short time after the money is borrowed and comes with a high fee. According to the Pew Research Center, Rhode Island currently has few safeguards against predatory payday loan practices. The average annual percentage rate (APR) charged on a payday loan in the state is 261%.

Because credit and existing debt checks are uncommon amongst payday loan lenders, these agencies will operate in areas with many low-income workers and families. This group is more prone to having poor credit that would inhibit them from accessing more reputable lenders, making them susceptible to the predatory lending practices of payday lenders. We should do all we can to stop predatory lending practices that negatively impact Rhode Islanders.

Rhode Island would join Massachusetts, New Hampshire, Connecticut, Vermont, New York, and other states in eliminating payday lending by making it illegal or unprofitable. I hope you will join me in supporting H 5042.

Sincerely,

A handwritten signature in cursive script that reads "Sabina Matos".

Sabina Matos
Lieutenant Governor
State of Rhode Island

CC: The Honorable Members of the House Committee on Corporations
The Honorable Karen Alzate