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Dear Members of the House Committee on Corporations,

I offer this testimony on behalf of the Rhode Island Interfaith Coalition to Reduce Poverty in favor of HR-5042, legislation to repeal the “payday lenders” provisions in state law that allow loans at exorbitant interest rates under the guise of paycheck advances.

In the Hebrew Bible, the prophet Ezekiel condemns a person who “lends at advance interest,” going so far as to say that such a person is “oppressing the poor” and that they have “practiced fraud” (Ezekiel 18:13-18). These verses are a guiding authority in Judaism’s prohibition against usury. It is a principle and value shared by people of all faiths.

Yet, Rhode Island state law (Chapter 19-14) not only fails to prohibit usurious lending practice at exorbitant interest rates, it actually codifies it. Under current law, storefront payday lenders are allowed to charge an effective annual interest rate of 260% when they cash the paychecks of mostly low-income workers. These lenders target low-income communities and are particularly aimed at people of color. These predatory practices are not legal in any other New England state.

The Interfaith Coalition is particularly concerned with laws that perpetuate cycles of poverty by keeping impoverished people in unescapable merry-go-rounds of fees and interest rates. Our state’s exemption for payday lending is among the worst examples of how the law is designed to keep poor people poor. It has no place in a state whose motto is “Hope.”

I urge you to send HR-5042 to the full House with a positive recommendation for its passage.

With thanks,
Rabbi Jeffrey Goldwasser