



# STATE OF RHODE ISLAND

## OFFICE OF THE ATTORNEY GENERAL

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*Peter F. Neronha*  
*Attorney General*

May 16, 2025

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

**Re: HB 5042: Payday Lending**

Dear Chairman Solomon and Members of the House Corporations Committee,

I write today to express my strong support for HB5042, which would repeal the provisions allowing for deferred deposit providers, or “payday lenders” – legislation that would take critical steps in protecting Rhode Islanders from the threat of deceptive and predatory lending. Protecting Rhode Island consumers from unfair and deceptive practices has been one of my top priorities as your Attorney General, and I thank Representative Karen Alzate for her leadership in sponsoring this important legislation.

Rhode Island is the only New England state that still permits payday lending and fails to protect consumers due to a lack of debt protections. While proponents of payday lending like to argue that these loans provide much-needed access to credit, we know that, in reality, these types of loans are notorious for their high interest rates, which often trap borrowers into a never-ending cycle of debt. Most payday loans are small, typically less than \$500 but come with an Annual Percentage Rate (APR) of over 400% – meaning someone would pay over \$590 in fees on the average payday loan. We also know that predatory payday lending practices disproportionately affect people of color, and that these types of loans are often targeted at the lowest-income neighborhoods of Providence, Pawtucket and Central Falls. As of January 2025, there were over 80,000 payday loans negatively impacting Rhode Islanders, amounting to over \$3 million in fees alone.<sup>1</sup>

Many states have already addressed payday lending in a variety of ways, including outright bans on payday loans, capping the APR of these loans, or some combination of limits and regulation. Rhode Island is now the only state in New England to still allow exceedingly high-interest payday lending, and we continue to hear from our community partners about the need for adequate regulation of these predatory practices.

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<sup>1</sup> [crl-down-the-drain-paydayloanfees-feb2025.pdf](#)

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Payday lending reform in Rhode Island is overdue, and I hope this is the year we can commit to reform. As always, I appreciate the Committee's consideration of this legislation, and I am available for any further questions the Committee may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Neronha", is positioned above the printed name.

Peter F. Neronha  
Attorney General