



Hon. Joseph Solomon
Chair of the House Committee on Corporations
Members of the House Committee on Corporations

**RE: Support for House Bill #5042
(RELATING TO FINANCIAL INSTITUTIONS - LICENSED ACTIVITIES)**

Dear Chairman Solomon and Members of the House Committee on Corporations:

I write to you as Co-Chair of the Rhode Island Black, Latino, Indigenous, Asian American, and Pacific Islander (RIBLIA) Caucus in strong support of House Bill #5042. Today, our Caucus stands at the largest it's ever been with 21 members representing communities all over our state.

This year, the caucus is prioritizing 15 bills that reflect our unwavering commitment to defending the marginalized, and ensuring a fair and equitable future for all Rhode Islanders.

Aligning with our commitment to improving the living and economic conditions of our constituents, the RIBLIA Caucus supports House Bill #5042 by Rep. Alzate which would repeal state provisions allowing for "payday lenders."

Payday lending, also known as deferred deposit transactions, is a predatory financial practice that traps borrowers—particularly low-income and marginalized communities—into cycles of long-term debt. While these loans are marketed as quick financial relief, the reality is far different. With exorbitant interest rates and fees, borrowers often find themselves forced to renew or roll over their loans, incurring additional charges that far exceed the original loan amount. *For many, a single payday loan becomes the tipping point that leads to eviction, bankruptcy, or long-term financial ruin. This cycle of debt doesn't just harm individuals — it destabilizes households and entire communities.*

House Bill 5042 is a decisive step toward ending these exploitative practices. By repealing provisions that allow payday lending in Rhode Island, this bill safeguards borrowers from financial harm and prevents the predatory debt traps that have burdened so many families. It promotes fair and responsible access to credit, reducing financial disparities and protecting the most vulnerable Rhode Islanders from exploitation.

Members of the RIBLIA Caucus urge passage of this bill. Thank you for your consideration of our position.

Sincerely,

Rep. David Morales
Co-Chair RIBLIA Caucus