

Chair Joseph J. Solomon, Jr.
House Corporations Committee
Rhode Island State House

March 3, 2026



RE: Testimony in opposition of H7850—Interest and Usury

Dear Chair Solomon and Members of the Committee:

Our testimony today is submitted to **express strong support for H7850**. This bill is an important step toward ensuring that Rhode Island’s consumer protection laws apply equally to all lenders who make loans to Rhode Island residents, regardless of where those lenders are located.

For 50 years, Sojourner House, a non-profit based in Providence but now providing services across the state, has served thousands of victims and survivors of domestic abuse, sexual violence, and human trafficking. We offer wraparound services such as support groups, emergency shelter, transitional and permanent supportive housing, sexual health advocacy, and emotional support. In the past year, Sojourner House has provided support to 213 victims of trafficking. Nearly half (48%) of those 213 individuals experienced sex trafficking, 32% experienced labor trafficking, and 19% experienced both.

Rhode Island has established interest rate limits and lending protections to safeguard residents from excessive fees and predatory lending practices. However, without closing existing loopholes, out-of-state lenders can evade these safeguards, undermining the intent of our laws. H7850 restores fairness by ensuring that all lenders operate under the same rules when serving Rhode Islanders.

This reform is especially important for low-income households and financially vulnerable individuals.

Families living paycheck to paycheck are more likely to rely on small-dollar loans during emergencies—whether to cover rent, utilities, childcare, or medical expenses. When those loans carry triple-digit annual percentage rates, borrowers can quickly become trapped in cycles of debt, paying far more in fees than the original amount borrowed. Enforcing Rhode Island’s rate caps helps prevent these debt spirals and allows families to retain more of their income for basic necessities.

The bill is also critical for survivors of domestic violence who disproportionately come from low-income backgrounds and have experienced economic abuse^{i,ii,iii}. Many survivors face damaged credit, limited savings, and urgent financial needs when trying to secure safety and independenceⁱⁱ. High-cost lending can deepen financial instability and make it harder to leave or remain separated from an abusive partner. By limiting predatory loan terms, H7850 strengthens the financial stability that survivors need to rebuild their lives and preventing further financial ruin leading to the potential of revictimization or return to abuser. **For these reasons, we respectfully urge the Committee to advance H7850.**

Thank you for your consideration.

ⁱ Fanning, P. (n.d.). Recognizing financial abuse: A growing weapon in intimate partner violence. University of Maryland School of Social Work. <https://www.ssw.umaryland.edu/fall-2024-connections/alumni-and-faculty-making-an-impact-in-ipv/recognizing-financial-abuse-a-growing-weapon-in-intimate-partner-violence-/#:~:text=Two%20frequently%20cited%20studies%20of,78%20percent%20reported%20employment%20sabotage>

ⁱⁱ National Network to End Domestic Violence (n.d.). About financial abuse. <https://nnedv.org/content/about-financial-abuse/#:~:text=Research%20indicates%20that%20financial%20abuse,returning%20to%20an%20abusive%20partner>

ⁱⁱⁱ Bonomi, A. E., Trabert, B., Anderson, M. L., Kernic, M. A., & Holt, V. L. (2014). Intimate partner violence and neighborhood income: A longitudinal analysis. *Violence Against Women*, 20(1), 42-58. <https://doi.org/10.1177/1077801213520580>