



Rep. Joe Solomon, Chair
House Corporations Committee

March 3, 2026

Support for H-7850 and Opposition to H-7868

Chair Solomon and Members of the Committee,

Rhode Island Working Families Power writes in **strong support of H-7850**, from Rep. Handy. Working Families Power advocates for policies that promote economic justice and allow all people to meet their basic needs and live with dignity, which this bill would help promote.

Under H-7850, the state would enact the Anti-Evasion of Lending Rules Act of 2026. The bill is built around a straightforward standard: the entity that actually holds the main financial stake in a loan—meaning it stands to gain the most and carries the real risk—should be considered the lender and subject to regulation as such. Some fintech firms contend that a bank in Utah or another state is the lender simply because it appears on the loan documents. In reality, those fintech companies typically create the loan products, determine which borrowers are approved, and manage the loans after they are issued. The partner bank still receives a fee regardless of how the loan performs and generally bears little exposure, while the fintech company captures the upside and manages the risk—often by structuring loans in ways that can be harmful to borrowers.

We also write in **opposition to H-7868**. Barely a year after Rhode Island finally passed long-overdue reforms to regulate payday lending—and before those changes are even implemented next year—this proposal would effectively dismantle that hard-won progress. Instead of preserving the interest rate limits that state leaders established to shield residents from exploitative lenders, the measure would sweep those protections aside.

Current law caps rates on loans up to \$5,000 at roughly 24% to 36% APR, depending on the loan amount. Under Representative Serpa's revision, however, lenders could charge significantly higher interest rates along with origination fees and recurring monthly charges, pushing total APRs into a range of about 60% to as high as 236%. The result would likely bring back storefront payday lending and fundamentally reshape the small-loan market in Rhode Island, driving up costs for borrowers, including both individuals and small business owners.

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