



**Testimony in Opposition to S-3074**

Relating to Commercial Law – General Regulatory Provisions – Interest and Usury

**Senate Committee on Commerce**

**April 28, 2026**

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**The Economic Progress Institute strongly opposes Chairman Britto’s S-3074, which would harm Rhode Island consumers by legalizing predatory lending in the state.**

Less than a year after the long-awaited enactment of payday lending reform legislation in Rhode Island (and before it even takes effect next year), this bill would erase this historic and beneficial achievement which prevents 261% Annual Percentage Rates (APRs).

The following table compares current Rhode Island law to what **S-3074** proposes:

<b>Loan Size</b>	<b>Current Law  (§19-14.2-8)</b>	<b>S-3074</b>
up to \$300	<b>36% APR</b>	60% APR + 5% origination fee + \$5 monthly service fee = <b>up to 238% APR</b>
above \$300 up to \$800	<b>30% APR</b>	54% APR + 5% origination fee + \$10 monthly service fee = <b>up to 240% APR</b>
above \$800 up to \$5,000	<b>24% APR</b>	48% APR + 5% origination fee (max \$100) + \$30 monthly service fee = <b>up to 120% APR</b>

This bill would replace the rate caps Rhode Island policymakers long ago set to protect Rhode Islanders from predatory lenders. This would not only resurrect storefront payday lending but also **overturn the entire small loan market for Rhode Islanders, increasing borrowing costs for individuals and small business owners.** All lenders, including banks and credit unions, would be authorized to charge these triple-digit rates.

**Rhode Island consumers are not asking for this change.** The only ones seeking this sort of change in the lending market are those who stand to profit from trapping Rhode Island consumers in new cycles of debt.

I urge you not to send S-3074 out of committee and to the Senate floor.