



**RE: Testimony in opposition of S3074—Interest and Usury**

Dear Chair Britto and Members of the Committee:

Our testimony today is submitted to **express opposition for S3074**. This bill would weaken several important protections for Rhode Islanders from predatory lenders including additional monthly charges and higher interest rates. At a time when many families are already struggling with rising costs, allowing increased charges would make borrowing more expensive and increase the risk of long-term debt. Rhode Island’s lending safeguards exist to protect residents from exactly these harmful practices.

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 clear interest rate limits and strong lending protections to shield residents from excessive fees and predatory lending practices. These safeguards exist to ensure fairness, transparency, and financial stability for working families. However, the changes proposed in S3074 would expand opportunities for additional fees and higher interest rates, directly undermining the intent of these protections. Rather than reinforcing consumer safeguards, this legislation risks weakening them and exposing Rhode Islanders to greater financial harm.

**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 original rate caps and limiting excessive fees 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<sup>i,ii,iii</sup>.** Many survivors face damaged credit, limited savings, and urgent financial needs when trying to secure safety and independence<sup>ii</sup>. High-cost lending can deepen financial instability and make it harder to leave or remain separated from an abusive partner. By allowing increased interest rates and fees to predatory loan terms, S3074 undermines 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 oppose S3074.**

Thank you for your consideration.

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<sup>i</sup> 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>

<sup>ii</sup> 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>

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<sup>iii</sup> 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>