



Written Testimony of Mr. Ryan E. Hamilton, Esq.

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Minnesota House Commerce Committee

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Chair Stephenson and Committee Members:

Peace be with you. I write today on behalf of the Minnesota Catholic Conference (MCC), the public policy voice of the Catholic Church in Minnesota, in support of H.F. 102 (Davnie).

Many Minnesota families are struggling and live paycheck to paycheck. When these already strained families experience an unexpected expense, they may turn to payday lenders. However, the mere presence of a willing lender and willing consumer does not make a good bargain, especially when that lender demands a triple-digit interest rate. MCC's policy positions are based on respect for the inherent human dignity of all people and pursuit of the common good. This, in conjunction with Church teachings on economic justice, obligates us to question current payday lending practices, especially those that amount to modern day usury.

The Catholic Church has denounced usurious lending practices for centuries because they are unjust, compound social ills, and are simply bad economics. In his 2009 encyclical *Caritas in Veritate* ("Charity in Truth"), Pope Benedict XVI reminds us that "the weakest members of society should be helped to defend themselves against usury, just as poor peoples should be helped to derive real benefit from micro-credit, in order to discourage the exploitation that is possible from these two areas."¹ Although many states have laws regulating usury and capping excessive interest rates, Minnesota remains an outlier.

The Minnesota Catholic Conference is part of a broad coalition of faith-based entities that support payday lending reform in general, and H.F. 102 specifically. Simply put, MCC and our partners believe that it is time to implement morally acceptable payday lending standards in Minnesota. The 36% interest rate cap outlined in H.F. 102 would allow lenders to earn fair and reasonable profits without robbing families of self-sufficiency and economic liberty.

Economic protections and just lending practices are more important than ever during this time of economic crisis caused by the Covid-19 pandemic. We look to our elected policymakers to ensure that those facing financial hardship are met with economic policies that promote the dignity of the human person and the pursuit of the common good. We urge you to take advantage of this opportunity to protect consumers and restrain predatory lending. Please vote "AYE" on favorable passage of HF 102.

Thank you, Representative Davnie for authoring this bill and thank you, committee members for your service to the people of Minnesota.

¹Benedict XVI. (2009). *Caritas in Veritate*. Retrieved from http://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate.html