



**Testimony of Ryan E. Hamilton in Support of H.F. 290 (Koegel)
Regulating interest rates for consumer short-term and small loans
Minnesota House Commerce Finance and Policy Committee
January 25, 2023**

Chair Stephenson and Committee Members:

Far too many Minnesota families are living paycheck to paycheck. These already-strained families may turn to payday lenders when they experience an unexpected expense or financial emergency. However, the mere presence of a willing lender and willing consumer does not guarantee a good bargain—especially when that lender demands a triple-digit interest rate. For this and other reasons, the Minnesota Catholic Conference shares our strong support for H.F. 290.

The Minnesota Catholic Conference’s policy positions are based on respect for the inherent human dignity of all people and pursuit of the common good. The Church’s teachings on economic justice calls us to question current short-term 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 that supports payday lending reform in general, and H.F. 290 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. 290 would allow lenders to earn fair and reasonable profits without robbing families of self-sufficiency and economic liberty.

We look to our elected officials to ensure that public policies protect the dignity of the human person and the common good. We urge you to take advantage of this opportunity to protect economically vulnerable individuals and families from usury. Please vote “AYE” on favorable passage of H.F. 290.

Thank you, Representative Koegel for your leadership on this bill. Thank you, committee members, for your service to the people of Minnesota.

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