



Community Credit Union

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In Opposition to

LD 314: An Act to Establish Consumer Protections Regarding Small Dollar Loans

Committee on Health Coverage, Insurance and Financial Services

February 12, 2025

Good Afternoon, Senator Bailey, Representative Mathieson, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services,

I appreciate the opportunity to submit testimony in opposition to LD 314. My name is Jennifer Hogan and I am the President/CEO at Community Credit Union, a Community Development Financial Institution (CDFI) dedicated to serving the underserved populations in our community, including those with low or no credit scores. Our primary mission is to empower and uplift individuals and communities through responsible financial products and services. Through promoting affordable housing, enhancing community resources, and fostering economic development in distressed areas, we strive to build inclusivity and improve the overall well-being of our community.

As a CDFI Credit Union, we understand the critical need for small-dollar lending options. We see firsthand the challenges that many Maine residents face when accessing credit, and we actively work to provide responsible, fair, and sustainable solutions. Our small-dollar loan programs are designed to offer alternatives to predatory lending practices, ensuring that our members have access to affordable credit without being trapped in cycles of debt.

LD 314 seeks to repeal Maine's interest rate cap on small-dollar loans, which would open the door to high-cost lenders and fintech companies that do not prioritize consumer protection. While the proponents of this bill argue that Mainers with low or no credit scores have limited borrowing options, the reality is that ethical, community-focused financial institutions like ours already offer small-dollar lending programs tailored to meet the needs of underserved individuals. Rather than removing consumer protections, we should focus on expanding and supporting responsible lending options that prioritize financial well-being over profit.

At Community Credit Union, we are actively developing additional programs to ensure more individuals have access to fair and responsible credit. We work with our members to help them build and improve their credit scores, offering financial counseling, credit-building loans, and other services that promote long-term financial stability. The removal of Maine's rate cap would not create better opportunities for low-income borrowers—it would only expose them to predatory lending practices that would make it even harder for them to achieve financial security.

We strongly urge the committee to oppose LD 314 and to instead explore ways to strengthen and support community financial institutions that are already providing responsible alternatives to high-cost loans. Thank you for your time and consideration.