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THE MAINE SENATE
132nd Legislature

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**Joint Standing Committee on Health Coverage, Insurance and Financial Services on
LD 314, An Act to Establish Consumer Protections Regarding Small Dollar Loans
February 12, 2025**

Senator Bailey, Representative Mathieson, and esteemed members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services: I am Senator Rick Bennett of Oxford, and I have the honor of serving 14 communities in Western Maine in the State Senate. I am here to speak against LD 314, "An Act to Establish Consumer Protections Regarding Small Dollar Loans."

Despite its title, this bill will not establish protections for consumers. To the contrary, it will put them at risk. LD 314 would allow financial technology companies to partner with banks so they can avoid following specific requirements of the Maine Consumer Credit Code. This means they don't have to follow the same review process that a normal financial institution is required to. Additionally, since these loans have a longer term than a traditional payday loan, they do not fall under that category either.

I think we can all agree that we do not want "any device, subterfuge or pretense to evade the requirements" of our laws. Current law prohibits these practices, but this bill would create an exemption for specific financial companies putting Mainers at risk. We don't want subterfuge and evasion in our laws. No exceptions.

Current Maine law caps interest rates of small dollar loans of less than \$2,000 at 30%. This bill would make it easier for bad actors from other states to come in and charge exorbitant interest rates. And financial institutions, who must follow strict laws and regulations, can and do make loans of this size all the time. This bill creates problems without solving anything.

Finally, I do want to point out that none of the sponsors from the 130th or 131st's version of this bill signed on again this year. Of course, some of them are no longer here but many still are. I wonder if they realized this bill would be a mistake.

Thank you for your consideration. I urge you to vote "ought not to pass" on LD 314.