

Senator:

My name is Frank Pagurko, and I write to you on behalf of the Rio Grande Foundation, an economic policy think tank based in Albuquerque. We work to promote the interests of the people of New Mexico through free market policy.

In the interest of everyone who lives and works in New Mexico, I strongly urge you to **vote NO** on SB 66, the “Permitted Percentage Rates for Loans” bill. Small and short-term loan providers represent an essential service to New Mexico communities. Unfortunately, capping rates will **not bring down prices** but will instead force loan providers to restrict the borrowers to whom they provide services.

Rate caps discriminate against those who most need short term loans: those without significant assets or good credit history. This would **disproportionately affect marginalized groups** like those who belong to minority ethnicities, the LGBT community, and other populations who are underserved by mainstream banks. Most Americans have very little money saved, so when unexpected expenses arise, they have to borrow. The 42% of Americans with sub-prime credit often only have access to small dollar loans. Capping rates will take away even this lifeline.

Non-profit community lenders and credit unions rarely offer these kinds of loans as they are highly risky and possess tiny profit margins. **Other lenders have not stepped in** to fill the gap in those states that have capped rates at 36%. Without small dollar loans to address surprise expenses, many New Mexicans will be **forced to pay late fees, bounced check fees, or use financially dangerous secured lending**, leaving them worse off than before. Please help prevent this from happening and vote no on SB 66. Thank you.



Frank Pagurko III