



**State of Connecticut**  
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**Statement of Juan Candelaria**  
**Chairman of the Black and Puerto Rican Caucus**  
**State Representative for the 95th Assembly District**  
**For the Banks Committee**  
**March 11, 2014**  
**In support of**  
**H.B.5512, An Act Concerning Payday Loans**

Chairman Leone, Chairman Tong, and Honorable members of the Banks Committee, As Chairman of the Black and Puerto Rican Caucus, I would like to express my strong support for **H.B. 5512, An Act Concerning Payday Loan**, which is currently in your committee for consideration.

H.B. 5512 would help regulate payday lenders in Connecticut. This legislation would make sure that all individuals especially minorities in Connecticut would have access to loans with a moderate annual percentage rate (APR). H.B. 5512 is highly important because the Latino and African American population in working class neighborhoods are using these loans and end up paying more than what they borrowed. This is a direct correlation to limited access to financial institutions, poor credit scores, and no or little financial literacy causing individuals to look for alternative financial services. These institutions, such as check-cashing stores provide an easy access for payday loans, short-term loans and are often affiliated with or are located in the same area as payday loan companies. These institutions facilitate the accessibility of high rate payday loans to working class citizens in need of fast cash.

The problem with payday loans is that the interest rates rise with every new renewal, causing the total fee to increase. Subjective evidence shows that some borrowers renew loans multiple times or borrow money from more than one payday lender. Unfortunately there is no easily accessible data available on how many borrowers renew a given loan or are repeated borrowers, because payday lenders are not covered by federal regulation and do not have to report their data to central locations. Since many of these lenders are not being regulated, they have the liberty to implement high interest rates that target low income minority citizens.

Implementing this legislation will ensure that citizens who are utilizing payday loans for assistance will not pay absorbent dent interest rates and fees on their original loan. Let's allow the saying "it takes money to make money," accessible to everyone in need of financial assistance regardless of the method they use as long as it is fair. It is our duty as legislators to ensure that no one is overtly profiting from our citizens.

Thank you, chairmen and committee members for the opportunity to present my testimony.

Respectfully submitted,

Juan Candelaria  
Chairman of the Black and Puerto Rican Caucus  
State Representative  
95<sup>th</sup> District