



February 27, 2023

MN Senate Commerce and Consumer Protection Committee

RE: SF1635

Dear Committee Members:

I am writing to express Springboard for the Arts' endorsement of SF1635. At Springboard our mission is to support artists with the tools to make a living and a life, and to build just and equitable communities full of meaning, joy, and connection. We work in both rural and urban Minnesota and know that predatory debt is a trap that harms our communities and our economy. Artists and creative workers are small businesses owners and like many small business owners, artists often deal with income that varies from month to month and a lack of resources to support their stability. Predatory lending undermines entrepreneurs ability to contribute to their communities, their local economies and to the vibrancy of our state.

Springboard's work prioritizes rural places and underinvested urban neighborhoods; both of these geographies are places where payday lenders often take advantage of communities with less access to financial education, fewer banking options and where there is a history of extraction and inequitable resources. Passing a 36% cap on APR for these loans would help address this harmful practice and make space for community-focused financial products, similar caps have chased out predatory lenders in 18 states and D.C.

Payday lending drains millions per year from local economies with fees going to predatory lenders rather than safe, responsible products and services that would help to sustain families' security instead of draining their wealth. Our communities lose creativity, culture, and economic health when we allow these extractive systems to continue. We hope you will pass SF1635 as an important step towards the health of small businesses, creative workers and local economies in Minnesota.

Sincerely,

A handwritten signature in black ink that reads "Laura Zabel". The signature is fluid and cursive, with the first letters of "L" and "Z" being particularly prominent.

Laura Zabel
Executive Director
Springboard for the Arts