

April 24, 2025

Hon. Wes Moore, Governor
State House
100 State Circle
Annapolis, MD 21401

Governor Moore,

We, the undersigned, are consumer protection organizations and attorneys asking that you **veto HB1294 Credit Regulation - Earned Wage Access and Credit Modernization.**

HB1294 creates a broad loophole in Maryland's 33% interest rate limit, opening Maryland up to debt trap payday advance loans that can exceed 300% annual percentage rate (APR), and allowing evasions that were rejected last year by the Consumer Financial Protection Bureau (CFPB). Gutting strong state consumer protection laws is especially troubling at a time when our federal protections are being decimated.

In the last few months our organizations have been at the front lines of the campaign to save the Consumer Financial Protection Bureau, the country's most important financial watchdog, and to prevent new forms of payday loans from taking root across the country. The CFPB, created after the devastating 2008 financial crisis, has worked to protect consumers and responsible industry players alike. The Bureau has worked to support a healthy, sustainable housing market, improve credit reports, crack down on junk fees, reduce the burdens of medical and student debt, fight lending discrimination, and promote safe banking practices and banking competition.

Among other work, last year the CFPB highlighted concerns about heavy repeat use and high APRs on payday advance apps and proposed an interpretive rule that clarifies that expedite fees and certain so-called "tips" are finance charges, which then makes them part of the APR for a loan.¹

Since taking office on January 20th, the Trump administration has had the CFPB in its crosshairs, firing lawyers, decimating their resources, and stopping enforcement actions against financial predators. In this environment, it is more important than ever that states like Maryland stand firm to protect the pockets of its citizens.

Opening Maryland's historic 33% usury cap to Earned Wage Advance providers removes the last and best defense against predatory lending in the state. By signing HB 1294 into law, Maryland would be the first pro-consumer state to cede this important protection to the EWA industry. Maryland would be joining a group currently composed only of deeply conservative states and those that permit abusive payday loans. In contrast, the District of Columbia and, just this month, New York have sued these fintech lenders for violations of usury laws and unfair and deceptive practices, and Connecticut tightened up its laws to prevent evasions through tips and fees.

¹ CFPB, Press Release, [CFPB Proposes Interpretive Rule to Ensure Workers Know the Costs and Fees of Paycheck Advance Products](#) (July 18, 2024).

Payday advance apps in Maryland already trap borrowers in debt. Data from CRL's collaboration with SaverLife, a savings app and research firm, shows that overdrafts increased for 73% of Maryland payday advance app users who struggled with overdrafts, with the average number of overdrafts more than doubling. The data also show that one-in-four Maryland borrowers take out at least 25 of these loans per year.² And, just as with traditional payday lending, the heaviest borrowers drive the business. Maryland borrowers with at least six advances in one month account for about 80% of all advances.³

Further, Maryland borrowers take money from more than one payday advance app at a time. In the Saverlife data, CRL found that a quarter of Maryland workers who use this product use three or more apps at a time, and nearly 50% use at least two apps at a time.

This type of repeat re-borrowing and stacking is typical of payday loan-style lending. While amendments were drafted to address these issues, they were never heard in committee or on the floor. The flaws in HB 1294 are all more apparent in light of the recent New York lawsuit showing how fintech payday lenders' manipulate borrowers to multiply fees, leading one borrower to **take out more than 450 loans, paying out nearly \$1400 in fees.**⁴

HB 1294 represents a serious retreat from the type of consumer protection that has defined Maryland consumer law for a century. In an era when the financial livelihoods of the most vulnerable consumers are being attacked at the federal level, states like Maryland must stand in the way of eroding consumer protections. **We respectfully ask that you veto HB 1294 and return Maryland to state that stands up for working Marylanders against companies who want to profit off their financial distress.**

Thank you for your time and attention to this matter,

National Groups

Center for Responsible Lending

National Consumer Law Center

Americans for Financial Reform (AFR)

Center for LGBTQ Economic Advancement & Research (CLEAR)

Coalition on Human Needs

Consumer Action

Consumer Federation of America

Consumer Reports

National Association of Consumer Advocates

² Maryland Fact Sheet, updated Oct. 2024: [ewa-states-md-oct2024.pdf](#)

³ Id.

⁴ New York Attorney General, Press Release, [Attorney General James Sues Payday Lending Companies for Exploiting Workers with Illegal Loans](#) (April 14, 2025)

Maryland Groups

1199SEIU

Advance Maryland

AFSCME Maryland Council 3

CASH Campaign of Maryland

Community Development Network of Maryland

Consumer Auto

Economic Action Maryland Fund

Maryland Center on Economic Policy

Maryland Volunteer Lawyers Service

NAACP of Maryland

Public Justice Center

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State Groups*Arizona*

Center for Economic Integrity

William E. Morris Institute for Justice

Wildfire

Colorado

Bell Policy Center

Connecticut

Connecticut AFL-CIO

Connecticut Citizen Action Group (CCAG)

Connecticut Legal Services, Inc.

District of Columbia

Helping Ourselves to Transform

Tzedek DC

Georgia
Georgia Watch

Maine
Maine Center for Economic Policy

Michigan
Community Economic Development Association of Michigan (CEDAM)

Michigan
Legal Services Advocacy Project (Minnesota)
Minnesotans for Fair Lending (a project of Exodus Lending)

New York
Action for a Better Community (ABC)
New Economy Project
New Yorkers for Responsible Lending

North Carolina
North Carolina Justice Center

South Carolina
South Carolina Fair Lending Alliance

Oregon
Oregon Consumer Justice

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