



**Thomas A. Schatz, *President***  
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[ccagw.org](http://ccagw.org)

January 31, 2022

New Mexico House Judiciary Committee  
New Mexico State Capitol  
490 Old Santa Fe Trail  
Santa Fe, NM 87501

Dear Representative,

On behalf of the 13,176 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in New Mexico, I urge you to oppose [HB 132](#), which would cut the maximum rate of interest loans to 36 percent from 175 percent.

This bill would impose additional burdens and price controls on small loan lenders, as well as force borrowers to become increasingly dependent on government subsidies.

While the intention of HB 132 is to protect Americans from predatory lending and other financial mistreatment, this one-size-fits-all approach to short-term, small-dollar lending will not help New Mexicans, especially during the COVID-19 pandemic. [According](#) to Experian's 2020 Consumer Credit Review, New Mexicans have the eighth [lowest](#) credit score average in the United States at 694, and around 40 million Americans [have](#) a FICO score less than 600. New Mexicans with low credit scores seeking non-prime lending will have a hard time finding a lender to provide a line of credit with interest loans of 36 percent, equal to a 3 percent monthly interest rate. This could result in many New Mexicans losing credit or access to a new loan.

Facing few options for acquiring a loan, New Mexicans will turn to other credit alternatives, [including](#) predatory lenders and paying for more expensive products including overdraft fees. They could also travel to neighboring states with better loan options including Texas at 664 percent and Oklahoma at 203 percent. An October 12, 2017, Mercatus Center study [found](#) that in Arkansas, which has a 17 percent interest loan cap, residents living in counties bordering other states would simply drive to a neighboring state with a less restrictive loan rate.

Again, I urge you to vote against HB 132, which will impose price controls on small loan lenders, limit consumer choices, and force borrowers to become more dependent on the government.

Sincerely,

*Tom Schatz*