April 1, 2014

**Louisiana State Senate**  
**Commerce, Consumer Protection, and International Affairs Committee**  
**Re: Senate Bill 84**

Good Morning.

I am Alex Mikulich, a Roman Catholic theologian and Research Fellow at the Jesuit Social Research Institute, Loyola University New Orleans.

Catholic social teaching is clear that banking and lending are important services that should contribute to the common good. At the same time, government has an important role to protect consumers, especially the economically vulnerable, from predatory payday lending.

We know that 68% of payday borrowers make annual income of less than $30,000 and that over 80% of payday loans are rolled over or followed by another loan within 14 days. Payday loans are structured to make repayment very difficult, initiating a cycle of indebtedness that adds to borrowers’ financial stress rather than alleviating it.

The Catechism of the Catholic Church warns against taking advantage of people in hardship and equates it with theft (#2409). On January 29th, Pope Francis said: “When a family has nothing to eat because of loan sharks, that is not Christian! It is inhuman! It is a dramatic social evil that wounds the inviolable dignity of the human person.”

This is why the Louisiana Catholic Bishops urge support for House Bill 239 authored by Representative Ted James and Senate Bill 84 authored by Senator Ben Nevers. These bills cap Annual Percentage Rate (APR) at 36% for payday loans. Capping APR at 36% meets national responsible lending standards, including the Military Lending Act of 2006.

Catholic social teaching calls citizens to create conditions in which all people can “become artisans of their own destiny.” Capping APR at 36% is a critical step we can take together so all Louisianans may become artisans of their own destiny.

Thank you for consideration of my testimony.

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