Prior to the COVID-19 pandemic, New Mexico's kids were beginning to see more plentiful opportunities to thrive. Our leaders had made improvements in public policies, including higher funding levels for cradle-to-career education and increases and expansions of tax credits for working families. Since the pandemic, federal relief funding and a better-then-expected revenue outlook have allowed lawmakers to make significant strategic investments that will result in a more equitable recovery.

There is one area, however, that has remained stubbornly intractable. For several decades, storefront lenders (who peddle installment loans, car title loans, and tax refund anticipation loans) have been exploiting New Mexicans by floating loans with interest rates as high as 175%.

These loans are advertised heavily, touting no credit checks and fast cash, and are targeted to those earning low incomes and communities of color. Families are also encouraged to refinance their loans, which leads to more debt and, ultimately, a bottomless debt trap. No one with access to a bank or credit card would consider such a bad deal, but tens of thousands of New Mexicans believe this kind of loan may be their only option when they're short on cash.

For the last several years, some state lawmakers have tried to stop storefront lenders by introducing legislation requiring a 36% cap on interest rates and fees. But the predatory lending lobby has always been able to stop these bills. This year, legislation to impose a 36% rate cap is gaining momentum.

This is a vital matter of well-being for New Mexico children because we know that family economic stability is one of the primary factors in the positive health and educational outcomes of children. And we are still in the midst of the pandemic and an uncertain and uneven recovery, where too many New Mexico families find themselves in a precarious financial position.

We have also seen more disparities as the pandemic impacted women and families of color more dramatically. People of color, who are more likely to be essential workers in low-wage jobs, have been more likely to lose employment income and more women than men exited the workforce entirely. Single mothers, families earning low incomes, veterans, and people of color are most likely to use payday lenders, according to the New Mexico Fair Lending Coalition.

The 36% cap is a much-needed provision that will prevent even more difficulties for people who are already struggling financially. Predatory lenders' practices are harmful not only to individuals, but also to the economy. Money spent on costly predatory loans equals lost purchasing power, and thus less money spent in New Mexico's economy. And much of the profit is sent out of state. New Mexico can ill afford this drag on our economic recovery as a whole *and* on the circumstances of individual families. Both are bad for our kids and bad for New Mexico, and that makes it everyone's business to ensure that this safeguard is put in place.

With just days left in the legislative session, now is the time for lawmakers to pass without delay legislation enacting a 36% interest cap on all loans to protect New Mexico.

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