



**TESTIMONY OF KATY LASELL, ON BEHALF OF NEW ECONOMY PROJECT
BEFORE THE NEW YORK STATE SENATE CODES COMMITTEE**

**JOINT LEGISLATIVE BUDGET HEARING ON PUBLIC PROTECTION,
FISCAL YEAR 2026-2027 BUDGET**

February 12, 2026

Honorable Chairs Myrie and Dinowitz and Members of the Codes Committees, thank you for the opportunity to submit testimony. My name is Katy Lasell and I'm the Statewide Campaigns Coordinator for New Economy Project, a 30-year old economic justice organization that organizes coalitions and campaigns in New York City and across the state to build an economy that works for all—based on cooperation, neighborhood equity, social and racial justice, and ecological sustainability.

New Economy is a founding member of the NYS Community Equity Agenda, a statewide coalition of nearly 50 community, labor, civil rights and legal services groups, cooperative organizations and community development financial institutions working to advance a vision of economic development in our state that is grounded in principles of racial justice and community wealth-building.

Our coalition focuses in part on the abusive actors and practices that perpetuate poverty, segregation, and inequality. Central to this work has been the defense of New York's usury laws against repeated attempts by predatory lending industries to weaken or evade them. As you know, payday lending is strictly prohibited in New York. Under state law, charging more than 16% interest on a loan constitutes a civil violation, and exceeding 25% interest on a loan is a felony. Strong state usury laws have long been the most effective bulwark against payday and other predatory lending schemes that drain wealth from working people and communities of color.

That is why we are deeply concerned about the rapid proliferation of so-called "Earned Wage Access" or EWA companies pushing illegal and highly extractive loan products in violation of New York's usury laws. **Our coalition urges the Legislature to pass the Stop Taking Our Pay Act or the STOP Act (S9839-Brouk; A9644-Raga), in this year's state budget. This bill would protect New Yorkers from a new wave of predatory payday loans carrying illegal, triple digit interest rates.**

EWA companies deliberately avoid calling their products loans, instead claiming to provide workers with early access to their wages. In reality, these companies function as payday lenders rebranded for the digital age. They require direct access to a worker's bank account and automatically collect repayment on the next payday. Workers receive small, short-term loans that carry hidden fees—such as expedited delivery charges, subscription costs, or so-called "tips"—that bring effective interest rates into the triple digits. According to California



regulators, EWA companies charge, on average, over 330% APR on their loans—more than 20 times New York’s legal limit¹.

The STOP Act would clarify that the Earned Wage Access products are loans under New York law and that any amounts extracted from borrowers in the form of tips, fees and other charges must be included in the calculation of interest for purposes of the state’s usury limits.

New York Attorney General Leticia James has brought major lawsuits against two industry leaders, MoneyLion and DailyPay, alleging that so-called “earned wage advance” products are, in fact, illegal payday loans.² As detailed in the Attorney General’s case against MoneyLion, the average cost of credit imposed through fees and tips was more than 800% APR.

Crucially, these costs are not one-off charges: workers are routinely drawn into repeat borrowing, taking out advance after advance, as repayments are automatically deducted from their paychecks. The Attorney General’s case against DailyPay alleges that more than half of borrowers take out two or more loans per week, and a quarter borrow every other day. In one case detailed in the lawsuit, a single worker took out more than 450 advances—and paid nearly \$1,400 in fees—over just two years.

This is the classic payday loan debt-trap: predatory lenders target workers struggling to make ends meet with small-dollar, short-term loans. They pile on fees that leave workers worse off, and when payday arrives, workers must take out new loans to cover the gap created by prior advances—trapping them in vicious and deepening cycles of debt. The steady revenue generated by this repeat borrowing has created an ever-growing profit stream for companies like DailyPay, which last year securitized receivables backed by EWA fees³—literally turning money drained from low wage workers’ paychecks into profits for Wall Street.

Under the Biden administration, the Consumer Financial Protection Bureau (CFPB) began addressing the industry’s evasion of consumer protections by proposing a rule affirming that EWA is lending under the federal Truth in Lending Act (TILA).⁴ Courts throughout the country have agreed.⁵ Now, however, the Trump administration is eviscerating federal consumer protections, including the CFPB’s work on EWA. These federal rollbacks have emboldened the EWA industry, which is aggressively campaigning for state and federal legislation that would entrench and normalize their predatory business model.

¹ National Consumer Law Center, “Earned Wage Advances and Other Fintech Payday Loans: Workers Shouldn’t Pay to be Paid,” 2023. <https://www.nclc.org/resources/earned-wage-advances-and-other-fintech-payday-loans-workers-shouldnt-pay-to-be-paid/>

² New York State Attorney General, “Attorney General James Sues Payday Lending Companies for Exploiting Workers with Illegal Loans,” 2025. <https://ag.ny.gov/press-release/2025/attorney-general-james-sues-payday-lending-companies-exploiting-workers-illegal-loans>

³ DailyPay, “DailyPay Completes Inaugural Asset-Backed Securitization,” 2025. <https://www.dailypay.com/press-center/press-releases/dailypay-completes-inaugural-asset-backed-securitization-powering-its/>

⁴ National Consumer Law Center, “NCLC, CRL & CFA Comments in Support of CFPB’s Proposed Interpretive Rule on Earned Wage Advances,” 2024. <https://www.nclc.org/resources/joint-comments-in-support-of-cfpbs-proposed-interpretive-rule-on-earned-wage-advances-and-the-appendix-to-those-comments/>

⁵ National Consumer Law Center, “Earned Wage Payday Loans are Loans, Despite CFPB’s Claim,” 2025. <https://www.nclc.org/earned-wage-payday-loans-are-loans-despite-cfpbs-claim/>



In NYS, the legislation the industry is pushing, S3332-a/A258-a, would license EWA products in a manner designed to sidestep existing usury protections. At the federal level, the industry's proposed Earned Wage Access Consumer Protection Act, would exempt payday loan app products from TILA—which requires lenders to disclose the true cost of a loan—and preempt states' authority to regulate EWA payday loans under their own consumer protection laws.

The passage of these bills would spell disaster for working New Yorkers and leave our communities with little defense against a rapidly growing industry backed by Silicon Valley venture capital and Wall Street. EWA companies have already siphoned well over \$500 million in fees from New Yorkers' paychecks since 2019,⁶ with young people and communities of color bearing a disproportionate burden of this wealth extraction.⁷

The scale and repeat nature of this conduct underscores why statutory clarity is needed—not because the conduct is lawful, but because it is already prohibited under New York law and companies are deliberately structuring their products to evade enforcement. These are not isolated violations, but systematic, deliberate practices that extract unlawful fees from workers' wages week after week. By claiming these advances are not loans, and labeling interest as “tips”, “fees,” and other charges, EWA companies deliberately structure transactions to evade the application and enforcement of New York's criminal and civil usury laws. New York cannot allow a business model that deliberately frustrates the enforceability of those laws, especially when such conduct exploits working people and communities already strained by our state's deepening affordability crisis. It's time to put an end to business models built on evading the law.

Concern about predatory lenders' evasion of New York's consumer protection laws is widely felt across the state. A recent survey found that New Yorkers unequivocally oppose usurious and extractive lending: 88% of all New York residents—across party lines, income levels, race, gender and geography—support cracking down on predatory lenders through the passage of bills like the STOP Act.⁸

We urge you to stand with New Yorkers and protect our communities from the ongoing threat posed by predatory payday loan apps. Pass the STOP Act in this year's budget and make clear that payday lending has no place in New York State.

Thank you again for the opportunity to testify today.

⁶ The City, “Payday Loan Apps Cost New Yorkers \$500 Million, New Study Estimates,” 2025. <https://www.thecity.nyc/2025/03/27/payday-loan-apps-500-million-fintech-usury/>

⁷ Community Service Society of New York, “Credit Alone? What New Yorkers' Use of Fintech Tools Means for State Consumer Protections,” 2025. <https://www.cssny.org/publications/entry/credit-alone-what-new-yorkers-use-of-fintech-tools-means-for-state-consumer-protections>

⁸ Community Service Society of New York, “New Yorkers Overwhelmingly Support Cracking Down on Predatory Lenders,” 2026. <https://www.cssny.org/publications/entry/new-yorkers-overwhelmingly-support-cracking-down-on-predatory-lenders>