LRB-2294/3 RJM:jlg:ch

## **1999 SENATE BILL 96**

March 23, 1999 – Introduced by Senators Robson, Burke, Welch, Drzewiecki, Decker, Moore, Rosenzweig, Grobschmidt, Wirch and Baumgart, cosponsored by Representatives Grothman, Ladwig, Musser, Seratti, Schooff, Pocan, Bock, Coggs, Riley, Cullen, Colon, Travis, Young, La Fave, Sinicki, Wasserman, Black, J. Lehman, Berceau, Miller, Lassa, Williams, Gronemus and Boyle. Referred to Committee on Privacy, Electronic Commerce and Financial Institutions.

- 1 AN ACT to amend 138.09 (7) (bp) and 422.201 (3); to repeal and recreate 138.09
- 2 (title); and *to create* 138.09 (7) (bu) of the statutes; **relating to:** maximum
- 3 interest rates.

## Analysis by the Legislative Reference Bureau

Under current law, a lender other than a bank, savings bank, savings and loan association or credit union generally must obtain a license from the division of banking in the department of financial institutions in order to charge interest greater than 18%. Current law provides no maximum interest rate for a loan entered into by a licensed lender.

This bill changes current law by generally prohibiting a licensed lender from charging greater than 26% interest on any loan entered into on or after the effective date of this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

## The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- **Section 1.** 138.09 (title) of the statutes is repealed and recreated to read:
- 5 **138.09** (title) **Licensed lenders.**

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1	<b>Section 2.</b> 138.09 (7) (bp) of the statutes is amended to read:
2	138.09 (7) (bp) A loan, whether precomputed or based upon the actuarial
3	method, made after October 31, 1984, and before the effective date of this paragraph
4	[revisor inserts date], is not subject to any maximum interest rate limit.
5	<b>Section 3.</b> 138.09 (7) (bu) of the statutes is created to read:
6	138.09 (7) (bu) A licensee may charge, contract for or receive a rate of interest,
7	calculated according to the actuarial method, which may not exceed 26% per year for
8	a loan or forbearance entered into on or after the effective date of this paragraph
9	[revisor inserts date].
10	<b>Section 4.</b> 422.201 (3) of the statutes is amended to read:
11	422.201 (3) For Notwithstanding sub. (2), for licensees under s. 138.09 and
12	under s. 218.01, the finance charge, calculated according to those sections, may not
13	exceed the maximums permitted in ss. 138.09 and 218.01, respectively.
14	(END)