



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3999/1
ARG:sac:rs

2013 ASSEMBLY BILL 864

March 12, 2014 - Introduced by Representatives HINTZ, BARNES, DOYLE, GENRICH, ZEPNICK, YOUNG, HULSEY, MILROY, PASCH, CLARK, JOHNSON, WACHS, SARGENT, ZAMARRIPA, WRIGHT, HEBL, GOYKE, SINICKI, HESSELBEIN, BERCEAU, C. TAYLOR, SHANKLAND and OHNSTAD, cosponsored by Senators HANSEN, CARPENTER and T. CULLEN. Referred to Committee on Consumer Protection.

1 **AN ACT to amend** 138.14 (1) (k) 1. and 138.14 (1) (k) 2. of the statutes; **relating**
2 **to:** the definition of payday loan.

Analysis by the Legislative Reference Bureau

Under current law, a person must be licensed by the Division of Banking (division) in the Department of Financial Institutions to originate or service a payday loan involving a Wisconsin resident. Various requirements and restrictions are applicable to payday lenders and payday loan transactions. A “payday loan” is defined as either of the following: 1) a transaction between an individual with an account at a financial establishment and another person in which the person agrees to accept from the individual one or more checks, to hold the check or checks for a period of time before negotiating or presenting the check or checks for payment, and to loan to the individual, for a term of 90 days or less, before negotiating or presenting the check or checks for payment, an amount that is agreed to by the individual; or 2) a transaction between an individual with an account at a financial establishment and another person in which the person agrees to accept the individual’s authorization to initiate one or more electronic fund transfers (EFTs) from the account, to wait a period of time before initiating the EFT or EFTs, and to loan to the individual, for a term of 90 days or less, before initiating the EFT or EFTs, an amount that is agreed to by the individual.

ASSEMBLY BILL 864

This bill modifies the definition of “payday loan” to remove the requirement that, to be a payday loan, the loan term must be 90 days or less.

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

1 **SECTION 1.** 138.14 (1) (k) 1. of the statutes is amended to read:

2 138.14 (1) (k) 1. A transaction between an individual with an account at a
3 financial establishment and another person, including a person who is not physically
4 located in this state, in which the person agrees to accept from the individual one or
5 more checks, to hold the check or checks for a period of time before negotiating or
6 presenting the check or checks for payment, and to loan to the individual, ~~for a term~~
7 ~~of 90 days or less~~, before negotiating or presenting the check or checks for payment,
8 an amount that is agreed to by the individual.

9 **SECTION 2.** 138.14 (1) (k) 2. of the statutes is amended to read:

10 138.14 (1) (k) 2. A transaction between an individual with an account at a
11 financial establishment and another person, including a person who is not physically
12 located in this state, in which the person agrees to accept the individual’s
13 authorization to initiate one or more electronic fund transfers from the account, to
14 wait a period of time before initiating the electronic fund transfer or transfers, and
15 to loan to the individual, ~~for a term of 90 days or less~~, before initiating the electronic
16 fund transfer or transfers, an amount that is agreed to by the individual.

17 **SECTION 3. Nonstatutory provisions.**

18 (1) This act first applies to loans made, refinanced, or consolidated on the
19 effective date of this subsection.

20 **SECTION 4. Effective date.**

