



1997 ASSEMBLY BILL 430

June 17, 1997 – Introduced by Representatives KRUSICK, SCHAFER, WARD, KUNICKI, DOBYNS, GOETSCH, GREEN, KREIBICH, MUSSER, OLSEN, PLALE, PORTER, POWERS and TURNER, cosponsored by Senators PLACHE, BURKE, FARROW and HUELSMAN. Referred to Committee on Financial Institutions.

1 **AN ACT** *to renumber and amend* 138.09 (3) (e) and 138.10 (3); *to amend* 138.10
2 (2); and *to create* 138.10 (2m) of the statutes; **relating to:** pawnbroking by
3 certain licensed lenders and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, persons, other than banks, savings and loan associations, savings banks or credit unions, must obtain a license from the division of banking before making precomputed loans or certain other types of consumer loans (“licensed lenders”). The licenses issued by the division of banking specify an address at or from which loans shall be consummated. Current law prohibits a licensed lender from selling merchandise at the location identified in the license. This bill allows a licensed lender to sell merchandise at the location specified in the license if the division grants prior written authorization.

Current law also imposes restrictions on loans made by a pawnbroker. “Pawnbroking” is defined as the business of lending money on the deposit or pledge of certain personal property or the business of purchasing personal property with an expressed or implied agreement or understanding to sell it back at a subsequent time at a stipulated price. Current law prohibits a loan made by a pawnbroker from exceeding \$150. This bill allows licensed lenders to make pawnbroker loans in excess of \$150 and allows the division of banking to promulgate rules regulating the conduct of pawnbroking by licensed lenders.

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For further information see the *state and local* 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:

1 **SECTION 1.** 138.09 (3) (e) of the statutes is renumbered 138.09 (3) (e) 1. (intro.)
2 and amended to read:

3 138.09 (3) (e) 1. (intro.) ~~A~~ Except as provided in subd. 2., a licensee may
4 conduct, and permit others to conduct, at the location specified in its license, any one
5 or more of the following businesses not subject to this section:

6 a. A business engaged in making loans for business or agricultural purposes
7 or exceeding \$25,000 in principal amount, except that all such loans having terms
8 of 49 months or more are subject to sub. (7) (gm) 2. or 4., ~~a~~

9 b. A business engaged in making first lien real estate mortgage loans under ss.
10 138.051 to 138.06, ~~a.~~

11 c. A loan, finance or discount business under s. 218.01, ~~or an.~~

12 d. An insurance business, ~~or a.~~

13 e. A currency exchange under s. 218.05, ~~or a.~~

14 f. A seller of checks business under ch. 217; ~~but.~~

15 2. A licensee may not sell merchandise ~~shall not be sold at such location; and~~
16 ~~no or conduct~~ other business ~~shall be conducted at such~~ at the location specified in
17 the license unless written authorization is granted to the licensee by the division.

18 **SECTION 2.** 138.10 (2) of the statutes is amended to read:

19 138.10 (2) MAXIMUM LOAN. ~~A~~ Unless made by a person licensed under s. 138.09,
20 a pawnbroker's loan shall may not exceed \$150.

21 **SECTION 3.** 138.10 (2m) of the statutes is created to read:

