

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2688/1dn  
RJM:wlj:jf

October 15, 1999

Representative Hoven:

1. Attached is a completed draft relating to payday loan providers. This draft incorporates three changes communicated to me by Pat Essie. These changes are:

(a) Amending the draft so that it covers payday loans that involve electronic fund transfers.

(b) Removing the language in proposed s. 138.14 (2) (a) 4., stats., regarding the advisability of refinancing or entering into consecutive payday loans.

(c) Changing the posting requirement in proposed s. 138.14 (3), stats., to require posting in a conspicuous location at each place where, in the ordinary course of business, an applicant signs a contract for a payday loan.

2. This draft also corrects two other issues that I discovered while completing the draft. I have discussed both of these changes with Pat Essie's office. These changes are:

(a) Broadening the definition of "payday loan" to cover atypical payday loans (for example, loans for more than the amount of the applicant's check or loans that are not disbursed immediately upon acceptance of the applicant's check). See proposed s. 138.14 (1) (f), stats.

(b) Clarifying that a payday loan provider is anyone who makes payday loans in the ordinary course of business and who is *required to be* licensed under s. 138.09. Without this change, the draft would not apply to a person who ordinarily makes payday loans and who is required to be licensed under s. 138.09, stats., but who has not obtained the required license.

3. In addition, this draft clarifies that a payday loan is a loan to an individual rather than a loan to a person (which would include a corporation or other entity or organization). This change is consistent with existing consumer protection laws that govern transactions that are entered into for personal, family or household purposes.

Please let me know if any of the above changes are not consistent with your intent.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: Robert.Marchant@legis.state.wi.us