

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

LRB-2688/P2dn  
RJM:wlj:km

May 3, 1999

Attached is the preliminary draft of the payday loan bill that you requested through Pat Essie. Please contact me with any questions or suggested changes. I will not redraft the bill in introducible form until you approve of the bill's contents. Per your request, I have provided Mr. Essie with a copy of this note and the attached bill.

In addition, you have requested three amendments to the bill. Because the amendments must refer to the page and line numbers of the bill, I can most efficiently draft the amendments after the bill is in final, introducible form. Thus, at this time I have not completed the amendments to the bill. However, the tentative language of the three amendments is as follows:

***Amendment one***

CHARGES UPON DEFAULT. Notwithstanding ss. 138.09 (7) (c) and (e) and 422.203 of the statutes, if an applicant fails to make a payment due under a payday loan on or before the payment's scheduled or deferred due date, the payday loan provider may not do any of the following:

- (a) Impose a delinquency charge.
- (b) Charge interest if the payment remains unpaid at least two days after the payment's scheduled or deferred due date.

***Amendment two***

PAYDAY LOAN SERVICES STUDY COMMITTEE. (a) The secretary of the department of financial institutions shall establish a committee under s. 15.04 (1) (c) of the statutes to study consumer credit problems created by payday loans and payday loan providers, as defined under section 138.14 (1) of the statutes, as created by this act, and shall recommend to the legislature solutions or policy alternatives with respect to those problems. The committee shall consist of the secretary of the department of financial institutions, or a person designated by the secretary, 3 members who shall represent the interests of payday loan providers, as defined under s. 138.14 (1) of the statutes, as created by this act, and three members who shall represent the public interest. The secretary of the department of financial institutions, or a person designated by the secretary, shall serve as the chairperson of the committee.

- (b) No later than the first day of the 12th month beginning after publication, the committee shall submit a report of its findings and recommendations to the legislature

in the manner provided under s. 13.172 (2) of the statutes. The report shall include any proposed legislation that is necessary to implement the recommendations made by the committee in its report.

***Amendment three***

REFINANCING PAYDAY LOANS. Notwithstanding ss. 138.09 (7) (f), 422.204 and 422.206, a payday loan provider may not enter into a combined total of more than four consecutive payday loans, refinancing agreements, deferral agreements or consolidation agreements with an applicant if each loan or agreement is used in whole or in part by the applicant to pay or forestall payment of an existing debt under a payday loan with the payday loan provider.

Once again, please contact me with any questions or suggested changes. I look forward to hearing from you.

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