

**SENATE SUBSTITUTE AMENDMENT 1,
TO 1999 SENATE BILL 96**

January 19, 2000 – Offered by Senator ROBSON.

1 **AN ACT to amend 422.201 (3); to repeal and recreate 138.09 (title); and to**
2 **create 138.14 of the statutes; relating to: payday loan providers and providing**
3 **a penalty.**

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

4 **SECTION 1.** 138.09 (title) of the statutes is repealed and recreated to read:

5 **138.09 (title) Licensed lenders.**

6 **SECTION 2.** 138.14 of the statutes is created to read:

7 **138.14 Payday loan providers. (1) DEFINITIONS.** In this section:

8 (a) “Check” has the meaning given in s. 403.104 (6).

9 (b) “Department” means the department of financial institutions.

10 (c) “Payday loan” means any of the following:

11 1. A transaction between a person and the issuer of a check in which the person
12 agrees to accept a check from the issuer, hold the check for a period of time before

1 negotiating or presenting the check for payment and pay to the issuer, upon
2 accepting the check, the amount of the check less any applicable fee.

3 2. A refinancing or consolidation of a transaction described in subd. 1.

4 (d) “Payday loan provider” means a person who is required to be licensed under
5 s. 138.09 and who makes payday loans in the ordinary course of business.

6 **(2) MAXIMUM FEES AND INTEREST FOR PAYDAY LOANS.** Notwithstanding ss. 138.09
7 and 422.201 (9), no payday loan provider may charge, contract for or receive fees and
8 interest for a payday loan in an aggregate amount that exceeds 5% of the amount of
9 the payday loan.

10 **(3) MINIMUM TERM FOR PAYDAY LOANS.** No payday loan provider may make a
11 payday loan with a term of less than 30 days.

12 **(4) DISCLOSURE REQUIREMENTS.** (a) Except as provided in par. (b), before
13 disbursing funds pursuant to a payday loan, a payday loan provider shall provide the
14 person obtaining the payday loan with a copy of each brochure provided by the
15 department under sub. (5).

16 (b) Paragraph (a) does not apply if the person obtaining the payday loan has
17 previously received a copy of each brochure from the payday loan provider.

18 **(5) ADMINISTRATION.** The department shall provide brochures to educate
19 individuals regarding the operation and potential costs of payday loans and
20 regarding the laws of this state relating to consumer credit. Upon the request of a
21 payday loan provider, the department shall supply the payday loan provider with
22 copies of the brochures provided under this subsection. The department shall charge
23 a payday loan provider a reasonable fee for brochures supplied under this subsection.

24 **(6) PENALTY.** Any person who violates sub. (2), (3) or (4) may be fined not more
25 than \$500 or imprisoned not more than 6 months or both.

1 **SECTION 3.** 422.201 (3) of the statutes is amended to read:

2 422.201 (3) For Notwithstanding sub. (2), for licensees under s. 138.09 and
3 under s. 218.01, the finance charge, ~~calculated according to those sections,~~ may not
4 exceed the applicable maximums permitted in and calculated under ss. 138.09,
5 138.14 and 218.01, ~~respectively.~~

6 **SECTION 4. Initial applicability.**

7 (1) This act first applies to payday loans made on the effective date of this
8 subsection.

9 **SECTION 5. Effective date.**

10 (1) This act takes effect on the first day of the 6th month beginning after
11 publication.

12

(END)