

**2003 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-SB338)**

Received: 01/19/2004

Received By: **chanaman**

Wanted: **As time permits**

Identical to LRB:

For: **Dale Schultz (608) 266-0703**

By/Representing: **Jonathan**

This file may be shown to any legislator: **NO**

Drafter: **chanaman**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - int. rates/loans**

Extra Copies: **ARG**

Submit via email: **YES**

Requester's email: **Sen.Schultz@legis.state.wi.us**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Payday loan providers

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**Instructions:**

See Attached--companion to s0304

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	chanaman 01/19/2004	csicilia 01/19/2004		_____			
/1	agary 02/19/2004	csicilia 02/20/2004	pgreensl 01/20/2004	_____	lnorthro 01/20/2004	lnorthro 01/20/2004	
/2			pgreensl	_____	sbasford	sbasford	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			02/20/2004 _____		02/20/2004	02/20/2004	
/3	agary 02/23/2004	csicilia 02/24/2004	rschluet 02/24/2004 _____		Inorthro 02/24/2004	Inorthro 02/24/2004	

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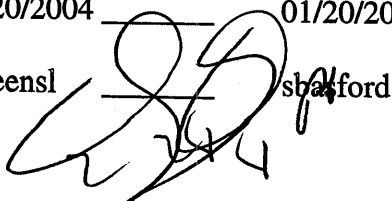
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/2			pgreensl		sbsford	sbsford	

1/3 gjs 2/24/04



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			02/20/2004 _____		02/20/2004	02/20/2004	

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/?	chanaman 01/19/2004	csicilia 01/19/2004	<i>[Signature]</i>	<i>[Signature]</i>			
/1		<i>1/2 cjs 2/20/04</i>	pgreensl 01/20/2004 <i>PS</i>	<i>[Signature]</i> <i>PS/RS</i>	Inorthro 01/20/2004	Inorthro 01/20/2004	

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By/Representing: **Jonathan**

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May Contact:

Addl. Drafters: **JK**

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/?	chanaman						
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*1/20 ps* *1/20 sell*

FE Sent For:

<END>

*Jonathan Jonathan*

TO: Representative Sue Jeskewitz and Senator Dale Schultz  
FROM: Peggy Partenfelder-Moede  
DATE: January 15, 2004  
RE: AB 665 and SB 338 Amendment to Bills

The following items are what was agreed upon to be drafted as an amendment for AB 665 and SB 338.

1. Right to cancel payment obligations (1 day right of rescission). This would allow the borrower the right to cancel payment obligations without finance charge or other cost of the borrower, by the end of the business day immediately following the date on which the loan was executed.
2. Prohibit Criminal Prosecution (this would not take away the right to civil prosecution) No payday lender will threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.
3. No fee will increase after the consumer has defaulted on his/her loan
4. Cap all payday loans to no more than \$~~1,000~~ with language attached which will adjust for the rate of inflation
5. Maximum term of loan 35 days

*eliminate  
all  
right*

*5,000  
↑  
phone call*

*companion*



Tues.  
A.M.

2003 - 2004 LEGISLATURE

LRBs0304/1  
CMH&JK:cjs:ch

50308/1

SENATE

~~ASSEMBLY~~ SUBSTITUTE AMENDMENT ,

T  
stays

TO 2003 ~~ASSEMBLY~~ BILL 665

SENATE

338

no changes

SAV

Refer

1 AN ACT *to create* 138.09 (8) (f) and 138.14 of the statutes; relating to: payday  
2 loan providers and granting rule-making authority.

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

3 SECTION 1. 138.09 (8) (f) of the statutes is created to read:

4 138.09 (8) (f) When making a payday loan, as defined in s. 138.14 (1) (f), comply  
5 with s. 138.14 (2), (3), (4), (5), and (6) and rules promulgated under s. 138.14 (7).

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) "Applicant" means an individual who obtains or seeks to obtain a payday  
9 loan.

10 (am) "Business day" has the meaning given in s. 421.301 (6).

11 (b) "Check" has the meaning given in s. 403.104 (6).

12 (c) "Department" means the department of financial institutions.

1 (d) "Financial establishment" means any organization that is authorized to do  
2 business under state or federal law and that holds a demand deposit, savings deposit,  
3 or other asset account belonging to an individual.

4 (e) "Organization" has the meaning given in s. 19.42 (11).

5 (f) "Payday loan" means any of the following:

6 1. A transaction between an individual with an account at a financial  
7 establishment and another person, in which the person agrees to accept from the  
8 individual a check, to hold the check for at least 3 days before negotiating or  
9 presenting the check for payment, and to pay to the individual, at any time before  
10 negotiating or presenting the check for payment, an amount that is agreed to by the  
11 individual subject to sub. (5) (c).

12 2. A transaction between an individual with an account at a financial  
13 establishment and another person, in which the person agrees to accept the  
14 individual's authorization to initiate an electronic fund transfer from the account, to  
15 wait for at least 3 days before initiating the electronic fund transfer, and to pay to  
16 the individual, at any time before initiating the electronic fund transfer, an amount  
17 that is agreed to by the individual subject to sub. (5) (c).

18 (g) "Payday loan provider" means a person who is required to be licensed under  
19 s. 138.09 and who makes payday loans.

20 (2) DISCLOSURE REQUIREMENTS. Before disbursing funds pursuant to a payday  
21 loan, a payday loan provider shall provide all of the following to the applicant:

22 (a) A clear and conspicuous printed or typewritten notice indicating all of the  
23 following:

24 1. That a payday loan is not intended to meet long-term financial needs.

1           2. That an applicant should use a payday loan only to provide funds in a  
2 financial emergency.

3           3. That the applicant will be required to pay additional interest if the loan is  
4 refinanced rather than paid in full when due.

5           4. That refinancing a payday loan or entering into consecutive payday loans to  
6 pay an existing payday loan may cause financial hardship for the applicant.

7           (b) A clear and conspicuous printed or typewritten notice comparing the cost  
8 to the applicant if the applicant pays the payday loan in full at the end of the loan  
9 term with the cost to the applicant if the applicant pays the payday loan in full after  
10 financing the amount of the payday loan at the end of the loan term 3 consecutive  
11 times.

12           (c) A clear and conspicuous printed or typewritten notice that the applicant  
13 may cancel the transaction, at no cost to the applicant, at any time before the close  
14 of the next business day.

15           (d) A copy of the educational materials prescribed by the department under  
16 sub. (7).

17           **(3) POSTING REQUIREMENT.** A payday loan provider shall post a copy of each  
18 notice required under sub. (2) (a) and (c) in a conspicuous location at each place  
19 where, in the ordinary course of business, an applicant signs a contract for a payday  
20 loan.

21           **(4) CANCELLATION REQUIREMENTS.** A payday loan provider shall cancel the  
22 transaction at no cost to the applicant if the applicant cancels the transaction at any  
23 time before the close of the next business day.

24           **(5) PAYDAY LOAN PROVIDER PROHIBITION.** (a) No payday loan provider may  
25 threaten or pursue criminal action against an applicant because the applicant's

1 check or electronic fund transfer has not been paid by the financial establishment  
2 from which it is drawn or transferred.

3 (b) If an applicant defaults on his or her payday loan, no payday loan provider  
4 may increase an existing fee or add a new fee related to the applicant's payday loan  
5 after the applicant defaults.

6 (c) 1. No payday loan provider may provide a payday loan that exceeds \$5,000,  
7 adjusted annually by the department to reflect changes in price levels due to  
8 inflation.

9 2. The department shall make the first adjustment under subd. 1. on the first  
10 day of the 13th month beginning after the effective date of this paragraph .... [revisor  
11 inserts date].

12 (6) MAXIMUM TERM FOR PAYDAY LOANS. No payday loan provider may make a  
13 payday loan with a term of more than 35 days.

14 (7) ADMINISTRATION. The department shall promulgate rules to ensure the  
15 efficient administration of this section. The rules shall include a method for  
16 calculating the amounts required to be disclosed under sub. (2) (b). In addition, the  
17 rules shall prescribe the form and content of educational materials designed to  
18 inform an applicant of the potential costs of entering into a payday loan and of other  
19 options for borrowing funds that may be available to the applicant.

20 **SECTION 3. Nonstatutory provisions.**

21 (1) SUBMISSION OF PROPOSED RULES GOVERNING PAYDAY LOAN PROVIDERS. No later  
22 than the first day of the 6th month beginning after publication, the department of  
23 financial institutions shall submit in proposed form the rules governing payday loan  
24 providers under section 138.14 (7) of the statutes, as created by this act, to the  
25 legislative council staff under section 227.15 (1) of the statutes.



**BILL HISTORY FOR ASSEMBLY BILL 655 (LRB -3630)**

An Act to repeal 19.52 (4), 30.01 (6b), 30.02, 30.12 (2), 30.12 (3) (b), 30.12 (3) (bn), 30.12 (3) (d), 30.12 (4) (title), 30.12 (4m) (title), 30.12 (5), 30.123 (3), 30.123 (5), 30.13 (1), 30.13 (2), 30.13 (4) (d), 30.135 (1) (title), 30.135 (2), (3) and (4), 30.18 (9), 30.19 (1) (b), 30.19 (2), 30.19 (3), 30.195 (3) (title), 30.195 (4), 30.195 (7), 30.206 (2), 30.206 (3m), 30.207 (4) (b), 30.207 (5), 227.45 (7) (a) to (d), 227.46 (2), 227.46 (2m), 227.46 (3), 227.46 (4), 285.11 (6) (a) and (b), 285.21 (1) (a) (title), 285.21 (1) (b), 285.60 (2m) and 285.63 (2) (d); to renumber 30.12 (3) (bt) 1. to 9., 30.12 (4) (d), 30.135 (1) (a) 1., 30.135 (1) (a) 3., 30.20 (1) (c) 3., 285.61 (8) (a), 285.62 (8) and 285.66 (2); to renumber and amend 30.015, 30.07, 30.12 (1) (intro.), 30.12 (1) (a), 30.12 (1) (b), 30.12 (3) (a) 2., 30.12 (3) (a) 2m., 30.12 (3) (bt) (intro.), 30.12 (4) (a), 30.12 (4) (b), 30.12 (4) (c), 30.12 (4) (e), 30.12 (4) (f), 30.12 (4m), 30.123 (1), 30.123 (4), 30.135 (1) (a) (intro.), 30.135 (1) (a) 2., 30.135 (1) (b), 30.19 (1) (intro.), 30.19 (1) (a), 30.19 (1) (c), 30.19 (4), 30.195 (3), 30.20 (1) (d), 30.206 (1), 30.206 (3), 30.206 (4), 227.45 (7) (intro.), 285.11 (6) (intro.), 285.21 (1) (a), 285.27 (2) (b), 285.61 (2) and 285.62 (2); to consolidate, renumber and amend 30.20 (1) (c) 1. and 2.; to amend 16.957 (2) (b) 1. (intro.), 16.957 (2) (c) 2., 16.957 (3) (b), 19.52 (3), 25.96, 29.601 (5) (a), 30.01 (1p), 30.10 (4) (a), 30.11 (4), 30.12 (title), 30.12 (3) (a) 6., 30.12 (3) (c), 30.123 (2), 30.13 (1m) (intro.), 30.13 (1m) (b), 30.13 (4) (a), 30.13 (4) (b), 30.131 (1) (intro.), 30.18 (2) (a) (intro.), 30.18 (2) (b), 30.18 (4) (a), 30.18 (6) (b), 30.19 (1m) (intro.), 30.19 (1m) (a), 30.19 (1m) (b), 30.19 (1m) (c), 30.19 (1m) (d), 30.19 (1m) (e), 30.19 (1m) (f), 30.19 (4) (title), 30.19 (5), 30.195 (1), 30.196 (intro.), 30.20 (1) (a), 30.20 (1) (b), 30.20 (2) (title), 30.20 (2) (a) and (b), 30.20 (2) (c), 30.2026 (2) (d), 30.2026 (3) (a), 30.206 (6), 30.206 (7), 30.207 (1), 30.207 (3) (d) 2., 30.28 (3) (b), 30.29 (3) (d), 30.298 (3), 31.39 (2m) (c), 66.1001 (2) (e), 66.1001 (4) (a), 84.18 (6), 106.01 (9), 106.025 (4), 146.82 (2) (a) (intro.), 196.195 (10), 196.24 (3), 196.374 (3), 196.491 (1) (d), 196.491 (2) (a) 3., 196.491 (2) (a) 3m., 196.491 (2) (g), 221.0901 (3) (a) 1., 221.0901 (3) (a) and (b), 227.14 (2) (a), 227.19 (2), 227.19 (3) (intro.), 227.19 (3) (a), 227.19 (3) (b), 227.46 (1) (intro.), 227.46 (1) (h), 227.46 (6), 227.47 (1), 227.485 (5), 227.53 (1) (a) 3., 236.16 (3) (d) (intro.), 281.22 (2) (c), 285.11 (9), 285.17 (2), 285.21 (2), 285.21 (4), 285.23 (1), 285.27 (1) (a), 285.27 (2) (a), 285.27 (4), 285.60 (1) (a) 1., 285.60 (1) (b) 1., 285.60 (2) (a), 285.60 (6), 285.61 (1), 285.61 (3), 285.61 (4) (a), 285.61 (4) (b) 2. and 3., 285.61 (5) (a) (intro.), 285.61 (5) (c), 285.61 (7) (a), 285.61 (8) (b), 285.62 (1), 285.62 (3) (a) (intro.), 285.62 (3) (c), 285.62 (5) (a), 285.62 (6) (c) 1., 285.62 (7) (b), 285.63 (1) (d), 285.66 (3) (a), 285.69 (1) (a), 285.81 (1) (intro.), 289.27 (5), 299.05 (2) (a), 448.02 (3) (b), 448.675 (1) (b), 452.09 (2) (a), 452.09 (2) (c) (intro.) and 452.09 (3) (d); to repeal and recreate 30.12 (3) (title), 30.12 (3) (a) (intro.), 30.123 (title), 30.195 (2), 30.20 (1) (title), 285.11 (17), 285.60 (3) and 285.62 (9) (b); and to create 16.957 (2m), 30.01 (1am), 30.12 (1b), 30.12 (1g) (intro.), (a), (b) and (e) to (j), 30.12 (3) (a) 9., 30.12 (3) (a) 10., 30.12 (3) (a) 11., 30.12 (3) (a) 12., 30.12 (3) (br), 30.12 (3) (bv), 30.12 (3m), 30.121 (3w), 30.123 (6), 30.123 (7), 30.123 (8), 30.19 (1b), 30.19 (1m) (cm), 30.19 (1m) (g), 30.19 (1m) (h), 30.19 (3r), 30.19 (4) (a), 30.19 (4) (b), 30.19 (4) (c) 1., 30.195 (1m), 30.20 (1g) (title) and (b), 30.20 (1r), 30.20 (2) (bn), 30.20 (2) (d), 30.20 (2) (e), 30.201, 30.2022 (title), 30.206 (1) (title), 30.206 (1) (c) 1. to 3., 30.206 (3) (title), 30.206 (3) (c), 30.206 (5) (title), 30.208, 30.209, 66.0628, 66.1001 (4) (e), 106.04, 146.82 (2) (a) 22., 196.195 (5m), 196.374 (3m), 227.135 (1) (e) and (f), 227.137, 227.138, 227.14 (2) (a) 3., 227.14 (2) (a) 4., 227.14 (2) (a) 5., 227.14 (2) (a) 6., 227.14 (2) (a) 6., 227.14 (2) (b) 3., 227.185, 227.19 (3) (am), 227.19 (3) (cm), 227.40 (4m), 227.43 (1g), 227.44 (2) (d), 227.445, 227.483, 227.57 (11), 241.02 (3), 285.01 (12m), 285.14, 285.23 (5), 285.23 (6), 285.27 (2) (b) 1. to 3., 285.27 (2) (d), 285.60 (2g), 285.60 (5m), 285.60 (6m), 285.60 (6r), 285.60 (8), 285.60 (9), 285.60 (10), 285.61 (2) (b), 285.61 (8) (a) 2., 285.61 (10), 285.61 (11), 285.62 (2) (b), 285.62 (7) (bm), 285.62 (8) (b), 285.62 (12), 285.66 (2) (b), 285.755, 285.81 (1m), 295.13 (4) and 452.05 (3) of the statutes; relating to: administrative rules, guidelines, policies, and hearings; air pollution control; structures, deposits, and other activities in or near navigable waters; notice, hearing, and review procedures related to permits to place structures and materials and to conduct activities in or near navigable waters; nonmetallic mining reclamation financial assurances; strategic energy assessments; partial deregulation of telecommunications services; contributions by electric and gas utilities to the utility public benefits fund; grants for energy conservation and other programs; reciprocal agreements for real estate licenses; comprehensive planning by local governmental units; fees imposed by political subdivisions; the confidentiality of patient health care records; apprentice-to-journeyman job-site ratios; the acquisition of in-state banks and in-state bank holding companies; credit agreements; extending the time limit for emergency rule procedures; and granting rule-making authority. (FE)

**2003**

- 11-11. A. Introduced by Representatives **Gard, Kaufert, Johnsrud, Grothman, Montgomery, Suder, Kestell, Nass, J. Fitzgerald, Towns, Freese, Nischke, McCormick, Honadel, D. Meyer, Krawczyk, Kreibich, Owens, J. Wood, Ott, Townsend, Huebsch, Gielow, Jeskewitz, Gunderson, Hundertmark, Ladwig and Hahn**; cosponsored by Senators **Panzer, Stepp, Kedzie, Zien, Darling, Leibham, Roessler, Welch and Kanavas**.
- 11-11. A. Read first time and referred to joint committee on Finance ..... 521
- 11-12. A. Public hearing held.
- 11-17. A. LRB correction ..... 548
- 11-18. A. Fiscal estimate received.
- 11-20. A. Withdrawn from joint committee on Finance and referred to select committee on Job Creation pursuant to Assembly Rule 42 (3)(c) ..... 553
- 11-21. A. Fiscal estimate received.
- 11-25. A. Public hearing held.
- 11-26. A. Fiscal estimate received.
- 12-01. A. LRB correction ..... 560
- 12-03. A. Public hearing held.

**2004**

- 01-06. A. Fiscal estimate received.
- 01-08. A. Executive action taken.
- 01-08. A. Assembly substitute amendment 1 offered by select committee on Job Creation (**LRB s0288**) ..... 598
- 01-09. A. LRB correction ..... 599
- 01-12. A. Fiscal estimate received.
- 01-13. A. Fiscal estimate received.

01-13.	A.	LRB correction (Assembly substitute amendment 1) .....	608
01-13.	A.	Report Assembly Substitute Amendment 1 adoption recommended by select committee on Job Creation, Ayes 6, Noes 2 .....	601
01-13.	A.	Report passage as amended recommended by select committee on Job Creation, Ayes 6, Noes 2 .....	601
01-13.	A.	Referred to Calendar .....	601
01-13.	A.	Read a second time .....	602
01-13.	A.	Assembly substitute amendment 2 offered by Representatives Gard and Hundertmark ( <b>LRB s0295</b> ) .....	602
01-13.	A.	Assembly amendment 1 to Assembly substitute amendment 2 offered by Representatives Gard and Hundertmark ( <b>LRB a1934</b> ) .....	602
01-13.	A.	Assembly amendment 1 to Assembly substitute amendment 2 <b>adopted</b> .....	602
01-13.	A.	Assembly amendment 2 to Assembly substitute amendment 2 offered by Representatives Black and Miller ( <b>LRB a1937</b> ) .....	602
01-13.	A.	Assembly amendment 2 to Assembly substitute amendment 2 laid on table, Ayes 61, Noes 33 .....	602
01-13.	A.	Assembly amendment 3 to Assembly substitute amendment 2 offered by Representatives Miller and Black ( <b>LRB a1936</b> ) .....	602
01-13.	A.	Assembly amendment 3 to Assembly substitute amendment 2 laid on table, Ayes 60, Noes 34 .....	602
01-13.	A.	Assembly amendment 4 to Assembly substitute amendment 2 offered by Representative Hebl ( <b>LRB a1941</b> ) .....	603
01-13.	A.	Assembly amendment 4 to Assembly substitute amendment 2 laid on table, Ayes 58, Noes 36 .....	603
01-13.	A.	Assembly substitute amendment 2 <b>adopted</b> , Ayes 75, Noes 19 .....	603
01-13.	A.	Representative Albers added as a coauthor .....	603
01-13.	A.	Representatives Van Roy and Gronemus added as coauthors .....	603
01-13.	A.	Ordered to a third reading .....	603
01-13.	A.	Rules suspended .....	603
01-13.	A.	Read a third time and <b>passed</b> , Ayes 80, Noes 14, Paired 2 .....	603
01-13.	A.	Ordered immediately messaged .....	604
01-14.	S.	Received from Assembly .....	545
01-14.	S.	Read first time and referred to select committee on Job Creation .....	545
01-15.	S.	Executive action taken.	
01-16.	S.	LRB correction .....	548
01-16.	S.	Report concurrence recommended by select committee on Job Creation, Ayes 4, Noes 1	
01-16.	S.	Available for scheduling.	

## Gary, Aaron

---

**From:** Klein, Jonathan  
**Sent:** Tuesday, February 17, 2004 4:19 PM  
**To:** Gary, Aaron  
**Subject:** Changes to LRB-s0308/1



Peggy - Clean up  
language to A...

Aaron,

With the exception lines 10-16 on page 3, these are the changes we wish to make to the senate sub to SB 338. We wish to take out (4) on page 3 and replace it with language that will allow a payday loan to be rolled over a maximum of 4 times. If you have any questions, contact me. Also, I have talked with Nick Zavos at the Leg Council about these changes. He has taken notes and is available to discuss this with you. Thank you.

Jonathan

Jonathan Klein  
Office of Senator Dale Schultz  
(800) 978-8008  
(608) 266-0703

*McC w/ Nicholas 2/19*

*• no, keep (4) w/ noted changes;  
replace p. 4 lines 1-5 w/ this*



1 AN ACT to create 138.09 (8) (f) and 138.14 of the statutes; relating to: payday  
2 loan providers and granting rule-making authority.

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

5  
6 SECTION 1. 138.09 (8) (f) of the statutes is created to read:

7 138.09 (8) (f) When making a payday loan, as defined in s. 138.14 (1) (f), comply  
8 with s. 138.14 (2), (3), (4), (5), and (6) and rules promulgated under s. 138.14 (7).

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

10 **138.14 Payday loan providers. (1) DEFINITIONS.** In this section:

11 (a) "Applicant" means an individual who obtains or seeks to obtain a payday loan.

12 (am) "Business day" has the meaning given in s. 421.301 (6).

13 (b) "Check" has the meaning given in s. 403.104 (6).

14 (c) "Department" means the department of financial institutions.

15 (d) "Financial establishment" means any organization that is authorized to do  
16 business under state or federal law and that holds a demand deposit, savings deposit, or other  
17 asset account belonging to an individual.

18 (e) "Organization" has the meaning given in s. 19.42 (11).

19 (f) "Payday loan" means any of the following:

20 1. A transaction between an individual with an account at a financial establishment  
21 and another person, in which the person agrees to accept from the individual a check, to hold  
22 the check for at least 3 days before negotiating or presenting the check for payment, and to  
23 pay to the individual, at any time before negotiating or presenting the check for payment, an  
24 amount that is agreed to by the individual subject to sub. (5) (c).

1           2. A transaction between an individual with an account at a financial establishment  
2 and another person, in which the person agrees to accept the individual's authorization to  
3 initiate an electronic fund transfer from the account, to wait for at least 3 days before  
4 initiating the electronic fund transfer, and to pay to the individual, at any time before  
5 initiating the electronic fund transfer, an amount that is agreed to by the individual subject to  
6 sub. (5) (c).

7           (g) "Payday loan provider" means a person who is required to be licensed under s.  
8 138.09 and who makes payday loans.

9           **(2) DISCLOSURE REQUIREMENTS.** Before disbursing funds pursuant to a payday  
10 loan, a payday loan provider shall provide all of the following to the applicant:

11           (a) A clear and conspicuous printed or typewritten notice indicating all of the  
12 following:

13           1. That a payday loan is not intended to meet long-term financial needs.

14           2. That an applicant should use a payday loan only to provide funds in a financial  
15 emergency.

16           3. That the applicant will be required to pay additional interest if the loan is  
17 refinanced rather than paid in full when due.

18           4. That refinancing a payday loan or entering into consecutive payday loans to pay an  
19 existing payday loan may cause financial hardship for the applicant.

20           (b) A clear and conspicuous printed or typewritten notice comparing the cost to the  
21 applicant if the applicant pays the payday loan in full at the end of the loan term with the cost  
22 to the applicant if the applicant pays the payday loan in full after financing the amount of the  
23 payday loan at the end of the loan term 3 consecutive times.

1 (c) A clear and conspicuous printed or typewritten notice that the applicant may  
2 ~~cancel the transaction, at no cost to the applicant,~~ be relieved of all interest, fees, and  
3 payment obligations related to the payday loan if the applicant returns the principal amount  
4 of the payday loan to the payday loan provider at any time before the close of the next  
5 business day following the transaction.

6 (d) A copy of the educational materials prescribed by the department under sub. (7).

7 (3) POSTING REQUIREMENT. A payday loan provider shall post a copy of each  
8 notice required under sub. (2) (a) and (c) in a conspicuous location at each place where, in  
9 the ordinary course of business, an applicant signs a contract for a payday loan.

10 (4) ~~CANCELLATION REQUIREMENTS~~ OF PAYMENT OBLIGATIONS. A  
11 ~~payday loan provider shall cancel the transaction at no cost to the applicant if the applicant~~  
12 ~~cancels the transaction.~~ A payday loan applicant shall have no obligation to pay accrued  
13 interest and fees related to an applicant's payday loan and the applicant shall have no further  
14 payment obligations related to the payday loan if the applicant returns the principal amount  
15 of the payday loan to the payday loan provider at any time before the close of the next  
16 business day following the transaction.

17 (5) PAYDAY LOAN PROVIDER PROHIBITION. (a) No payday loan provider may  
18 ~~threaten or pursue~~ initiate or threaten to initiate criminal action ~~prosecution~~ against an  
19 applicant because the applicant's check or electronic fund transfer has not been paid by the  
20 financial establishment from which it is drawn or transferred; but this section shall not  
21 prohibit a payday loan provider from cooperating in good faith with a law enforcement  
22 agency that initiates or prosecutes an independent criminal action against an applicant.

1 ~~(b) If an applicant defaults on his or her payday loan, no payday loan provider may~~  
 2 ~~increase an existing fee or add a new fee related to the applicant's payday loan after the~~  
 3 ~~applicant defaults. A payday loan may accrue interest only until the scheduled maturity date~~  
 4 ~~of the payday loan. No payday loan may accrue interest after the scheduled maturity date of~~  
 5 ~~the payday loan, nor may the lender charge any fee after the maturity date.~~

per Nick

follow

6 (c) 1. No payday loan provider may provide a payday loan that exceeds \$5,000,  
 7 adjusted annually by the department to reflect changes in price levels due to inflation.

8 2. The department shall make the first adjustment under subd. 1. on the first day of  
 9 the 13th month beginning after the effective date of this paragraph .... [revisor inserts date].

10 (6) MAXIMUM TERM FOR PAYDAY LOANS. No payday loan provider may  
 11 make a payday loan with a term of more than 35 days.

12 (7) ADMINISTRATION. The department shall promulgate rules ~~to ensure the~~  
 13 ~~efficient administration of this section. The rules shall include a method for calculating the~~  
 14 ~~amounts required to be disclosed under sub. (2) (b). In addition, the rules shall prescribe and~~  
 15 prescribing the form and content of educational materials designed to inform an applicant of  
 16 the potential costs of entering into a payday loan and of other options for borrowing funds  
 17 that may be available to the applicant.

18 **SECTION 3. Nonstatutory provisions.**

19 (1) SUBMISSION OF PROPOSED RULES GOVERNING PAYDAY LOAN  
 20 PROVIDERS. No later than the first day of the 6th month beginning after publication, the  
 21 department of financial institutions shall submit in proposed form the rules governing payday  
 22 loan providers under section 138.14 (7) of the statutes, as created by this act, to the  
 23 legislative council staff under section 227.15 (1) of the statutes.



file w/ Pam

6-3796

AB 665 - simple (already exec'd)  
+ senate (sub)

8:45 <sup>am</sup>  
~~pm~~

- LC

~~Plan - Caitlan~~ ~~6-2056~~ ~~2/18/04~~  
~~a2196~~ ~~company and to~~  
2/18/04

AB 665 - Pam 6-3796  
- change to 4 rollovers - take out  
all language related to default  
& ability to default

He from Nick Zavas - VM 2/17/04

payday loan:

take out author by DFI to promulgate  
rules for eff. adm: and sect

I can only do 2 things:

- calculate #
- ability to charge \$5,000 cap stays in



Needed  
by 2/20  
end of day

ARG ~~MISSOURI~~:cjs:pg

RMR

stays

**SENATE SUBSTITUTE AMENDMENT,  
TO 2003 SENATE BILL 338**

SA ✓

1 AN ACT *to create* 138.09 (8) (f) and 138.14 of the statutes; **relating to:** payday  
2 loan providers and granting rule-making authority.

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

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3 business under state or federal law and that holds a demand deposit, savings deposit,  
4 or other asset account belonging to an individual.

5 (e) "Organization" has the meaning given in s. 19.42 (11).

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8 establishment and another person, in which the person agrees to accept from the  
9 individual a check, to hold the check for at least 3 days before negotiating or  
10 presenting the check for payment, and to pay to the individual, at any time before  
11 negotiating or presenting the check for payment, an amount that is agreed to by the  
12 individual subject to sub. (5) (c).

13 2. A transaction between an individual with an account at a financial  
14 establishment and another person, in which the person agrees to accept the  
15 individual's authorization to initiate an electronic fund transfer from the account, to  
16 wait for at least 3 days before initiating the electronic fund transfer, and to pay to  
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19 (g) "Payday loan provider" means a person who is required to be licensed under  
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21 (2) DISCLOSURE REQUIREMENTS. Before disbursing funds pursuant to a payday  
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24 following:

25 1. That a payday loan is not intended to meet long-term financial needs.

1           2. That an applicant should use a payday loan only to provide funds in a  
2 financial emergency.

3           3. That the applicant will be required to pay additional interest if the loan is  
4 refinanced rather than paid in full when due.

5           4. That refinancing a payday loan or entering into consecutive payday loans to  
6 pay an existing payday loan may cause financial hardship for the applicant.

7           (b) A clear and conspicuous printed or typewritten notice comparing the cost  
8 to the applicant if the applicant pays the payday loan in full at the end of the loan  
9 term with the cost to the applicant if the applicant pays the payday loan in full after  
10 financing the amount of the payday loan at the end of the loan term 3 consecutive  
11 times.

12           (c) A clear and conspicuous printed or typewritten notice that the applicant  
13 may ~~cancel the transaction, at no cost to the applicant,~~ *be relieved of all interest, fees, and payment obligations related to the*  
14 of the next business day. *payday loan if the applicant returns the principal amount of the payday loan*  
*following the transaction* *to the payday loan provider*

15           (d) A copy of the educational materials prescribed by the department under  
16 sub. (7).

17           (3) POSTING REQUIREMENT. A payday loan provider shall post a copy of each  
18 notice required under sub. (2) (a) and (c) in a conspicuous location at each place  
19 where, in the ordinary course of business, an applicant signs a contract for a payday  
20 loan.

21           (4) CANCELLATION <sup>(CS)</sup> ~~REQUIREMENTS~~ *OF PAYMENT OBLIGATIONS* A payday loan provider shall ~~cancel the~~  
22 ~~transaction at no cost to the applicant~~ *cancel the transaction* ~~at any~~ *following the transaction*  
23 time before the close of the next business day.

24           (5) PAYDAY LOAN PROVIDER PROHIBITION. (a) No payday loan provider may  
25 threaten ~~or pursue criminal action~~ *to initiate prosecution* against an applicant because the applicant's

*MSH + 3-22*

*initiate or*

MSA 4-2  
1 check or electronic fund transfer has not been paid by the financial establishment  
2 from which it is drawn or transferred.

3 (b) If an applicant defaults on his or her payday loan, no payday loan provider  
4 may increase an existing fee or add a new fee related to the applicant's payday loan  
5 after the applicant defaults.

MSA 4-5  
6 (c) 1. No payday loan provider may provide a payday loan that exceeds \$5,000,  
7 adjusted annually by the department to reflect changes in price levels due to  
8 inflation.

9 2. The department shall make the first adjustment under subd. 1. on the first  
10 day of the 13th month beginning after the effective date of this paragraph .... [revisor  
11 inserts date].

12 (6) MAXIMUM TERM FOR PAYDAY LOANS. No payday loan provider may make a  
13 payday loan with a term of more than 35 days.

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15 ~~efficient administration of this section. The rules shall include a method for~~  
16 calculating the amounts required to be disclosed under sub. (2) (b) <sup>and prescribing</sup> ~~the addition, the~~  
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18 inform an applicant of the potential costs of entering into a payday loan and of other  
19 options for borrowing funds that may be available to the applicant.

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21 (1) SUBMISSION OF PROPOSED RULES GOVERNING PAYDAY LOAN PROVIDERS. No later  
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23 financial institutions shall submit in proposed form the rules governing payday loan  
24 providers under section 138.14 (7) of the statutes, as created by this act, to the  
25 legislative council staff under section 227.15 (1) of the statutes.



2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBs0308/2ins  
ARG:.....

**INSERT 3-22:**

(no P) shall have no obligation to pay interest and fees related to <sup>the</sup> an applicant's payday loan and ~~the applicant~~ shall have no payment obligations related to the payday loan if the applicant returns the principal amount of the payday loan to the payday loan provider

**INSERT 4-2:**

(no P) This section does not prohibit a payday loan provider from cooperating in good faith with a law enforcement agency that initiates or prosecutes an independent criminal action against an applicant.

**INSERT 4-5:**

(no P) A payday loan provider may not refinance a payday loan or enter into consecutive payday loans with an applicant more than 4 consecutive times.

**Gary, Aaron**

---

**From:** Klein, Jonathan  
**Sent:** Monday, February 23, 2004 11:44  
**To:** Gary, Aaron  
**Subject:** FW: Draft revisions to 138.14

Aaron,

Below are the final changes to the substitute amendment to SB 338 (LRBs0308/2). I'll send the stripes back to you. Thanks for your help.

Jonathan

-----Original Message-----

**From:** Peggy Partenfelder-Moede [mailto:peggygm@patrickessie.com]  
**Sent:** Monday, February 23, 2004 11:17 AM  
**To:** Klein, Jonathan; Matthews, Pam  
**Subject:** FW: Draft revisions to 138.14

Pam and Jonathon:

Here are the suggested changes to the language. Again, it does not change the content of the bill.

After having the attorney's who represent the industry(listed below) review the bill they have suggested that the following revisions be made in order to clarify the Legislature's intent:

1. Revise section 138.14(5)(b) to read as follows: "A payday loan provider may not enter into more than 4 consecutive transactions with an applicant in which the amount financed by the payday loan provider is applied to the outstanding balance on a separate payday loan between the applicant and the payday loan provider."
2. Revise section 138.14(5)(c)1. to read as follows: "No payday loan provider may provide a payday loan that exceeds \$5,000 of principal. The \$5,000 limit shall be adjusted annually by the department to reflect changes in price levels due to inflation."
3. Revise section 138.14(6) to read as follows: "MAXIMUM TERM FOR PAYDAY LOANS. No payday loan provider may make a payday loan with an original scheduled payment date more than 35 days after the payday loan origination date."

We believe these changes reflect precisely the legislative intent underlying each identified section. If you have any questions, please do not hesitate to call Mike Fitzpatrick or me.

Sincerely,

Atty. Duffy Dillon  
Brennan, Steil & Basting, S.C.  
A Limited Liability Organization  
One E. Milwaukee St.  
P. O. Box 1148  
Janesville, WI 53547-1148  
Phone: (608) 756-4141  
Fax: (608) 756-9000

The information contained in this transmission is intended only for the personal and confidential use of the

02/23/2004



State of Wisconsin  
2003 - 2004 LEGISLATURE

Needed by  
2/24  
end of day

LRBs0308/e 3

ARG:cjs:pg

RMR

stays

SENATE SUBSTITUTE AMENDMENT,  
TO 2003 SENATE BILL 338

SA ✓

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3           3. That the applicant will be required to pay additional interest if the loan is  
4 refinanced rather than paid in full when due.

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16 transaction.

17           (d) A copy of the educational materials prescribed by the department under  
18 sub. (7).

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22 loan.

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24 no obligation to pay interest and fees related to the applicant's payday loan and shall  
25 have no payment obligations related to the payday loan if the applicant returns the

of principal. This \$5,000 limit shall be

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insrt  
4-9

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24 SECTION 3. Nonstatutory provisions.

an original scheduled payment date



**2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBs0308/3ins  
ARG:.....

**INSERT 4-9:**

(no R) transactions with an applicant in which the amount financed by the payday loan provider is applied to the outstanding balance on a separate payday loan between the applicant and the payday loan provider.