LRB-1052/1 ARG:jld:rs

2009 ASSEMBLY BILL 310

June 8, 2009 – Introduced by Representatives Zepnick, Sinicki and Spanbauer. Referred to Committee on Financial Institutions.

1 AN ACT *to create* 138.15 of the statutes; **relating to:** motor vehicle title loans.

Analysis by the Legislative Reference Bureau

Under current law, a lender other than a bank, savings bank, savings and loan association, or credit union generally must obtain a license from the Department of Financial Institutions to assess a finance charge greater than 18 percent per year. This type of lender is generally referred to as a "licensed lender." A licensed lender must have a separate license for each place of business it maintains. Current law also contains numerous provisions regulating consumer loans, which are generally loans of \$25,000 or less made to individuals for personal, family, or household purposes.

This bill prohibits a licensed lender from making or offering a motor vehicle title loan. The bill defines "motor vehicle title loan" as a loan of \$25,000 or less to a borrower that is, or is to be, secured by a nonpurchase money security interest in the borrower's motor vehicle and that has an original term of not more than three months. Under the bill, a "borrower" is an individual who obtains or seeks to obtain a motor vehicle title loan for personal, family, or household purposes.

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

- **Section 1.** 138.15 of the statutes is created to read:
- 3 **138.15 Motor vehicle title loans. (1)** Definitions. In this section:

ASSEMBLY BILL 310

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- (a) "Borrower" means an individual who obtains or seeks to obtain a motor vehicle title loan for personal, family, or household purposes.
- (b) "Motor vehicle title loan" means a loan of \$25,000 or less to a borrower that is, or is to be, secured by an interest, other than a purchase money security interest, in the borrower's motor vehicle and that has an original term of not more than 3 months.
- (2) TITLE LOANS PROHIBITED. No person required to be licensed under s. 138.09 may make or offer any motor vehicle title loan.

SECTION 2. Initial applicability.

(1) This act first applies to motor vehicle title loans made or offered on the effective date of this subsection.

SECTION 3. Effective date.

(1) This act takes effect on the first day of the 4th month beginning after publication.

15 (END)