



2023 ASSEMBLY BILL 261

May 8, 2023 - Introduced by Representatives O'CONNOR, RETTINGER, PENTERMAN, DOYLE, SUBECK, GREEN, WICHGERS and ALLEN, cosponsored by Senators STAFSHOLT, SPREITZER and HESSELBEIN. Referred to Committee on Financial Institutions.

1 **AN ACT** *to renumber and amend* 138.14 (3); and *to create* 138.14 (3) (b) of the
2 statutes; **relating to:** payday loans.

Analysis by the Legislative Reference Bureau

This bill exempts from payday loan regulation any transaction in which no finance charge or other charge or fee is imposed against or accepted from the loan recipient.

Under current law, a person must be licensed by the Division of Banking (division) in the Department of Financial Institutions to originate or service a payday loan involving a Wisconsin resident. A “payday loan” is defined as a transaction between an individual with an account at a financial establishment and another person (payday lender) in which the payday lender agrees to accept a check or electronic fund transfer (EFT) authorization from the individual, to delay negotiating the check or initiating the EFT for a period of time, and to extend a loan to the individual for a term of 90 days or less. Current law imposes various requirements and restrictions applicable to payday lenders and payday loan transactions. However, there is an exemption from the payday loan licensing requirement and all other payday loan requirements and restrictions for banks, savings banks, savings and loan associations, trust companies, credit unions, and their affiliates.

This bill creates a transaction-based exemption from the requirements and restrictions applicable to payday loans. These requirements and restrictions do not apply to any transaction in which no finance charge, as defined under federal

