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# Wisconsin Legislative Council

## ACT MEMO

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**2023 Wisconsin Act 37**  
[2023 Senate Bill 259]

**Payday Loan Exemption**

### CURRENT LAW

Current law generally requires a person who makes a payday loan to be licensed and regulated by the Department of Financial Institutions' Division of Banking. A "payday loan" is defined as either of the following:

- A transaction between an individual with an account at a financial establishment and another person, including a person who is not physically located in this state, in which the person agrees to accept from the individual one or more checks, to hold the check or checks for a period of time before negotiating or presenting the check or checks for payment, and to loan to the individual, for a term of 90 days or less, before negotiating or presenting the check or checks for payment, an amount that is agreed to by the individual.
- A transaction between an individual with an account at a financial establishment and another person, including a person who is not physically located in this state, in which the person agrees to accept the individual's authorization to initiate one or more electronic fund transfers from the account, to wait a period of time before initiating the electronic fund transfer or transfers, and to loan to the individual, for a term of 90 days or less, before initiating the electronic fund transfer or transfers, an amount that is agreed to by the individual. [See s. 138.14 (1) (k) 1. and 2.]

Banks, savings banks, savings and loan associations, trust companies, credit unions, or any of their affiliates are exempt from payday loan licensure and regulation.

### 2023 WISCONSIN ACT 37

2023 Act 37 exempts, from payday loan licensure and regulation, any transaction in which no finance charge, and no other fees or charges of any kind, are required or accepted, at any time, from the person receiving the loan. The act defines a finance charge as provided under federal law, including any charge payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or a condition of the extension of credit.

**Effective date:** November 18, 2023

For a full history of the bill, visit the Legislature's [bill history page](#).

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