State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-5608/1
ARG:cdc

2025 SENATE BILL 759

December 12, 2025 - Introduced by Senators JACQUE and CABRAL-GUEVARA, cosponsored by Representatives ALLEN, RIVERA-WAGNER, ANDERSON, GOODWIN, GUNDRUM, KNODL, KREIBICH, ORTIZ-VELEZ and STROUD. Referred to Committee on Financial Institutions and Sporting Heritage.

AN ACT ***to renumber and amend*** 138.09 (3) (f); ***to amend*** 138.09 (1c) (a) 3. (intro.) and 4., 138.09 (1g) (a) 1., 138.09 (7) (bp) and 422.201 (3); ***to create*** 138.09 (3) (f) 1. to 6., 138.09 (3) (fm), 138.09 (7) (bs) and 138.09 (13) of the statutes; **relating to:** interest rates on consumer loans and activities of consumer lenders regulated by the Department of Financial Institutions.

Analysis by the Legislative Reference Bureau

This bill limits the maximum interest rate that may be charged on a consumer loan and makes other changes related to the Department of Financial Institutions' regulation of consumer lenders.

Under current law, with certain exceptions, a person must be licensed by the Division of Banking (division) in DFI to make, take an assignment of, or collect payments on a consumer loan with a finance charge of more than 18 percent per year. A "consumer loan" is defined as a loan made by any person to a customer that is payable in installments or for which a finance charge may be imposed and includes most transactions under an open-end credit plan such as most credit card debt. This type of lender is generally referred to as a "licensed lender." Under the exceptions, financial institutions and their affiliates, payday lenders, collection agencies, payment processors, and certain others are exempt from regulation as licensed lenders. Consumer loans are also regulated under the Wisconsin

Consumer Act. With certain limited exceptions, current law provides no maximum interest rate or finance charge for a consumer loan, including those made by a licensed lender.

The bill generally prohibits a licensed lender from charging an annual percentage rate (APR) greater than 36 percent on a consumer loan. However, the bill does not affect pawnbrokers' loans and does not affect the maximum interest rate under current law of 12 percent per year for consumer loans after their final scheduled maturity date. If a licensed lender violates the 36 percent APR limitation, the consumer loan is not enforceable.

Current law specifies that a person makes a consumer loan, for purposes of the requirement to be licensed by the division, if the person is named as the lender in the consumer loan agreement.

The bill specifies that a person also makes a consumer loan, regardless of whether the person purports to act as an agent, service provider, or in another capacity, if 1) the person holds, acquires, or maintains the predominant economic interest in the consumer loan; 2) the person markets, brokers, arranges, or facilitates the consumer loan and holds the right or first right of refusal to purchase the consumer loan or any interest in or receivable from the consumer loan; or 3) the totality of the circumstances indicate that the person is the lender with respect to the consumer loan and the transaction is structured to circumvent or evade the requirements applicable to licensed lenders. The bill specifies circumstances weighing in favor of a person being considered the lender on a consumer loan. The bill also specifies that a person may not engage in any device, subterfuge, or pretense to circumvent or evade requirements applicable to licensed lenders.

The bill further requires the annual report of a licensed lender to include specified additional information, including the number of consumer loans with an APR exceeding 18 percent that it made or serviced during the preceding year; the average APR of these loans; and the number of these loans that, during the preceding year, were refinanced, were accelerated due to default, or resulted in a money judgment or vehicle repossession. The division must submit an annual report to the legislature summarizing the aggregated data reported by licensed lenders.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 138.09 (1c) (a) 3. (intro.) and 4. of the statutes are amended to read:

138.09 **(1c)** (a) 3. (intro.) ~~An~~ Subject to sub. (13) (b), an individual or entity who, in connection with a securitization, private placement, collateral financing, or other type of investment or financing transaction, lends against or purchases consumer loans or any portion of the outstanding balances of consumer loans, if the following apply:

4. ~~Special~~ Subject to sub. (13) (b), special purpose vehicles.

SECTION 2. 138.09 (1g) (a) 1. of the statutes is amended to read:

138.09 **(1g)** (a) 1. To make a consumer loan that has a finance charge in excess of 18 percent per year. A person makes a consumer loan within the meaning of this section if the person is named as the lender in the consumer loan agreement or as provided in s. 138.09 (13) (b).

SECTION 3. 138.09 (3) (f) of the statutes is renumbered 138.09 (3) (f) (intro.) and amended to read:

138.09 **(3)** (f) (intro.) Each licensee shall make an annual report and submit financial statements as provided in s. 224.35 (8). In addition to the information required by the division under s. 224.35 (8) (b), the annual report of a licensee that made or serviced any loan in the preceding year that was subject to the maximum annual percentage rate set forth in sub. (7) (bs) 2. shall include all of the following:

SECTION 4. 138.09 (3) (f) 1. to 6. of the statutes are created to read:

138.09 **(3)** (f) 1. The number of consumer loans with an annual percentage rate in excess of 18 percent that the licensee made or serviced during the preceding year.

2. The average annual percentage rate of the loans included in subd. 1.

3. The number of loans included in subd. 1. that were refinanced by the licensee during the preceding year.

4. The number of loans included in subd. 1. that were secured by a motor vehicle that was repossessed during the preceding year.

5. The number of loans included in subd. 1. that were accelerated due to default during the preceding year.

6. The number of loans included in subd. 1. for which a money judgment was obtained during the preceding year.

SECTION 5. 138.09 (3) (fm) of the statutes is created to read:

138.09 **(3)** (fm) Notwithstanding s. 220.06 (1m), the division shall submit an annual report to the appropriate standing committees of the legislature in the manner provided under s. 13.172 (3) summarizing the aggregated data reported by licensees under par. (f) 1. to 6.

SECTION 6. 138.09 (7) (bp) of the statutes is amended to read:

138.09 **(7)** (bp) A consumer loan, whether precomputed or based upon the actuarial method, made after October 31, 1984, and before the effective date of this paragraph .... [LRB inserts date], is not subject to any maximum interest rate limit.

SECTION 7. 138.09 (7) (bs) of the statutes is created to read:

138.09 **(7)** (bs) 1. For purposes of this paragraph, "annual percentage rate" shall be determined consistent with the provisions of section 107 of the federal Truth in Lending Act, 15 USC 1606, and federal Regulation Z adopted under that act, 12 CFR 1026.

2. Notwithstanding sub. (9) (a) and ss. 138.05 (8) (c), 422.201 (2) (bn), (9), and (10s), and 422.202 (2m) and except as provided in ss. 422.201 (11) and 422.203 (4) (c), a licensee may not charge, contract for, or receive an annual percentage rate for a consumer loan or forbearance made on or after the effective date of this

subdivision .... [LRB inserts date], that is greater than 36 percent. This subdivision does not apply to a loan subject to regulation under s. 138.10 (2m).

SECTION 8. 138.09 (13) of the statutes is created to read:

138.09 **(13)** (a) No person may engage in any device, subterfuge, or pretense to circumvent or evade the requirements of this section, including making a consumer loan disguised as a personal property sale and leaseback transaction or disguising proceeds of a consumer loan as a cash rebate for a purported sale.

(b) Subject to sub. (3) (cm), a person makes a consumer loan within the meaning of this section, regardless of whether the person purports to act as an agent, service provider, or in another capacity, if any of the following applies:

1. The person holds, acquires, or maintains, directly or indirectly, the predominant economic interest in the consumer loan.

2. The person markets, brokers, arranges, or facilitates the consumer loan and holds the right or first right of refusal to purchase the consumer loan or any interest in or receivable from the consumer loan.

3. The totality of the circumstances, as applied under par. (c), indicate that the person is the lender with respect to the consumer loan and the transaction is structured to circumvent or evade the requirements of this section.

(c) All of the following circumstances weigh in favor of a person being considered a lender under par. (b) 3.:

1. That the person indemnifies, insures, or protects a person not subject to this section under sub. (1c) (a) from costs or risks related to a consumer loan.

2. That the person predominantly designs, controls, or operates the lending program under which the consumer loan is made.

3. That the person acts directly as a lender in another state but purports to act in this state as an agent or service provider of or in another capacity for a person not subject to this section under sub. (1c) (a).

4. That the person holds a trademark or service mark or other intellectual property right in a licensee's brand, underwriting system, or other core aspects of its lending business with respect to the consumer loan.

SECTION 9. 422.201 (3) of the statutes is amended to read:

422.201 **(3)** ~~For~~ Notwithstanding sub. (2), for licensees under s. 138.09 or 138.14 or under ss. 218.0101 to 218.0163, the finance charge or annual percentage rate, calculated according to those sections, may not exceed the maximums permitted in ss. 138.09, 138.14, and 218.0101 to 218.0163, respectively.

SECTION 10. Effective date.

(1) This act takes effect on the first day of the 3rd month beginning after publication.

(END)