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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3448

02/19/2026 Authored by Koegel and Frederick
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; clarifying that consumer small and short-term loans include
1.3 an earned wage access payday loan; amending Minnesota Statutes 2024, sections
1.4 47.60, subdivisions 1, 3; 47.601, subdivision 1.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 47.60, subdivision 1, is amended to read:

1.7 Subdivision 1. Definitions. For purposes of this section, the terms defined have the
1.8 meanings given them:

1.9 (a) "Consumer small loan" is a loan transaction, whether recourse or nonrecourse, in
1.10 which cash is advanced to a borrower for the borrower's own personal, family, or household
1.11 purpose. A consumer small loan is a short-term, unsecured loan to be repaid in a single
1.12 installment. The cash advance of a consumer small loan is equal to or less than \$350. A
1.13 consumer small loan includes an indebtedness evidenced by but not limited to a promissory
1.14 note or, agreement to defer the presentation of a personal check for a fee, or authorization
1.15 or preauthorization of an account transfer.

1.16 (b) "Consumer small loan lender" is a financial institution as defined in section 47.59
1.17 or a business entity registered with the commissioner and engaged in the business of offering,
1.18 soliciting, arranging, making, or facilitating consumer small loans. Consumer small loan
1.19 lender business activity includes but is not limited to any substantial involvement to market,
1.20 generate leads for, underwrite, service, or collect a consumer small loan. A consumer small
1.21 loan lender includes an entity without a physical location in Minnesota that makes a consumer
1.22 small loan to a resident of Minnesota electronically via the Internet or through a mobile
1.23 application.

2.1 (c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly
2.2 rate, that relates the amount and timing of value received by the consumer to the amount
2.3 and timing of payments made. Annual percentage rate includes all interest, finance charges,
2.4 and fees. The annual percentage rate must be determined in accordance with either the
2.5 actuarial method or the United States Rule method.

2.6 (d) "Fee" means an amount, other than interest or a finance charge, in addition to the
2.7 loan principal that is charged, demanded, solicited, requested, or paid by the borrower to
2.8 the consumer small loan lender in connection with the transaction. Fee includes but is not
2.9 limited to a membership, subscription, participation, convenience, or expediting fee, or a
2.10 tip, contribution, or donation.

2.11 Sec. 2. Minnesota Statutes 2024, section 47.60, subdivision 3, is amended to read:

2.12 Subd. 3. **Filing.** Before a business entity other than a financial institution as defined by
2.13 section 47.59 engages in the business of making consumer small loans to Minnesota residents,
2.14 the business entity shall file with the commissioner as a consumer small loan lender. The
2.15 filing must be on a form prescribed by the commissioner together with a fee of \$250 for
2.16 each place of business and contain the following information in addition to the information
2.17 required by the commissioner:

2.18 (1) evidence that the filer has available for the operation of the business at the location
2.19 specified, liquid assets of at least \$50,000; and

2.20 (2) a biographical statement on the principal person responsible for the operation and
2.21 management of the business to be certified.

2.22 Revocation of the filing is the same as in the case of a regulated lender license in section
2.23 56.09.

2.24 ~~For purposes of this subdivision, "business entity" includes one that does not have a~~
2.25 ~~physical location in Minnesota that makes a consumer small loan electronically via the~~
2.26 ~~Internet.~~

2.27 Sec. 3. Minnesota Statutes 2024, section 47.601, subdivision 1, is amended to read:

2.28 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
2.29 subdivision have the meanings given.

2.30 (b) "Annual percentage rate" has the meaning given in section 47.60, subdivision 1.

3.1 (c) "Borrower" means an individual who obtains a consumer short-term loan primarily
3.2 for personal, family, or household purposes.

3.3 (d) "Commissioner" means the commissioner of commerce.

3.4 (e) "Consumer short-term loan" means a loan, whether recourse or nonrecourse, to a
3.5 borrower which has a principal amount, or an advance on a credit limit, of \$1,300 or less
3.6 and requires, schedules, or sets a default expectation through authorization, preauthorization,
3.7 or otherwise of a minimum payment within 60 days of loan origination or credit advance
3.8 of more than 25 percent of the principal balance or credit advance. For the purposes of this
3.9 section, each new advance of money to a borrower under a consumer short-term loan
3.10 agreement constitutes a new consumer short-term loan. A "consumer short-term loan" does
3.11 not include any transaction made under chapter 325J or a loan made by a consumer short-term
3.12 lender where, in the event of default on the loan, the sole recourse for recovery of the amount
3.13 owed, other than a lawsuit for damages for the debt, is to proceed against physical goods
3.14 pledged by the borrower as collateral for the loan.

3.15 (f) "Consumer short-term lender" means an individual or entity engaged in the business
3.16 of offering, soliciting, facilitating, making, or arranging consumer short-term loans, other
3.17 than a state or federally chartered bank, savings bank, or credit union. ~~For the purposes of~~
3.18 ~~this paragraph, arranging consumer short-term loans~~ Consumer short-term lender business
3.19 activity includes but is not limited to any substantial involvement in facilitating, marketing,
3.20 lead-generating, underwriting, servicing, or collecting consumer short-term loans. A
3.21 consumer short-term lender includes an entity without a physical location in Minnesota that
3.22 makes a consumer short-term loan to a resident of Minnesota electronically via the Internet
3.23 or through a mobile application.

3.24 (g) "Fee" means an amount, other than interest or a finance charge, in addition to the
3.25 loan principal that is charged, demanded, solicited, requested, or paid by the borrower to
3.26 the consumer short-term lender in connection with the transaction. Fee includes but is not
3.27 limited to a membership, subscription, participation, convenience, or expediting fee, or a
3.28 tip, contribution, or donation.