

Subject Payday Lending  
Authors Davnie and others  
Analyst Larie Ann Pampuch  
Date January 25, 2021

### Overview

This bill regulates payday lending. It requires industrial loan and thrift companies and finance companies to make payday loans in compliance with Minnesota Statutes, section 47.60 (dealing with consumer loans of \$350 or less) and section 47.601 (dealing with consumer short-term loans). This bill also prohibits payday loans from having an annual percentage interest rate and fees that exceeds 36 percent.

### Summary

Section	Description
1	<b>Application.</b> Removes cross-reference to section 47.60.
2	<b>Authorization, terms, conditions, and prohibitions.</b> Allows a consumer small lender to charge interest, finance charges, and fees on a loan of up to 36 percent APR.
3	<b>Consumer short-term loan contract.</b> Removes cross-reference to section 47.59 and removes de minimus exception.
4	<b>Penalties for violation; private right of action.</b> Removes cross-reference to section 47.59.
5	<b>Loans.</b> Requires industrial loan and thrift companies making consumer small loans or consumer short-term loans to comply with the requirements of sections 47.60 and 47.601, as applicable.

Section	Description
6	<b>Interest rates and charges.</b> Requires regulated lenders (finance companies) making consumer small loans or consumer short-term loans to comply with the requirements of sections 47.60 and 47.601, as applicable.
7	<b>Effective date; application.</b> This act is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.



**MN HOUSE  
RESEARCH**

*Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.*

[www.house.mn/hrd](http://www.house.mn/hrd) | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155