HB296
174243-1
By Representatives Garrett, Faulkner, Mooney, Wingo, Fincher, Ledbetter, Butler, Rich, Scott, Boyd, Melton, Forte, Knight, Beech, McCampbell, Morrow, Clarke, Warren, Drummond, Rowe, Fridy, Shedd and Pettus
RFD: Financial Services
First Read: 24-FEB-16
SYNOPSIS: Under existing law, short-term cash advance loans, also known as "pay day" loans, are governed under the Deferred Presentment Services Act.

This bill would repeal the Deferred Presentment Services Act.

This bill would also prohibit short-term cash advance lending and provide for a civil penalty for short-term cash advance lending.

A BILL
TO BE ENTITLED
AN ACT

Relating to short-term cash advance loans; to repeal Chapter 18A, Title 5 of the Code of Alabama 1975, known as the Deferred Presentment Services Act, which governs short-term cash advance loans; and to prohibit short-term cash advance lending and provide for a civil penalty for violations.

BE IT ENacted BY THE Legislature OF ALABAMA:
Section 1. The Deferred Presentment Services Act, Chapter 18A, Title 5 of the Code of Alabama 1975, is repealed in its entirety.

Section 2. (a) It shall be unlawful for any person, for a fee, to advance funds, whether delivered in cash, by direct deposit, or on a pre-paid card, in exchange for a personal check or authorization to debit a deposit account, where the person making the advance agrees that the check will not be cashed or deposited or the authorized debit will not be made until a designated future date.

(b) Any person who violates this section shall be subject to a civil penalty of one thousand dollars ($1,000) per violation.

(c) The Banking Department shall be responsible for enforcing this section.

Section 3. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.