

1 HB296  
2 174243-1  
3 By Representatives Garrett, Faulkner, Mooney, Wingo, Fincher,  
4 Ledbetter, Butler, Rich, Scott, Boyd, Melton, Forte, Knight,  
5 Beech, McCampbell, Morrow, Clarke, Warren, Drummond, Rowe,  
6 Fridy, Shedd and Pettus  
7 RFD: Financial Services  
8 First Read: 24-FEB-16

2  
3  
4  
5  
6  
7  
8 SYNOPSIS: Under existing law, short-term cash advance  
9 loans, also known as "pay day" loans, are governed  
10 under the Deferred Presentment Services Act.

11 This bill would repeal the Deferred  
12 Presentment Services Act.

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

16  
17 A BILL

18 TO BE ENTITLED

19 AN ACT

20  
21 Relating to short-term cash advance loans; to repeal  
22 Chapter 18A, Title 5 of the Code of Alabama 1975, known as the  
23 Deferred Presentment Services Act, which governs short-term  
24 cash advance loans; and to prohibit short-term cash advance  
25 lending and provide for a civil penalty for violations.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1                   Section 1. The Deferred Presentment Services Act,  
2 Chapter 18A, Title 5 of the Code of Alabama 1975, is repealed  
3 in its entirety.

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

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

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

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