



General Assembly

**Amendment**

January Session, 2025

LCO No. 9730



Offered by:

SEN. MILLER P., 27<sup>th</sup> Dist.  
REP. DOUCETTE, 13<sup>th</sup> Dist.  
SEN. BERTHEL, 32<sup>nd</sup> Dist.  
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To: Subst. Senate Bill No. 1396

File No. 291

Cal. No. 191

**"AN ACT CONCERNING EARNED BUT UNPAID WAGE OR  
SALARY INCOME ADVANCES."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 36a-555 of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective October 1, 2025*):

5 As used in this section, [and] sections 36a-556 to 36a-573, inclusive,  
6 and section 3 of this act:

7 (1) "Advertise" or "advertising" means any announcement, statement,  
8 assertion or representation that is placed before the public in a  
9 newspaper, magazine or other publication, in the form of a notice,  
10 circular, pamphlet, letter or poster, over any radio or television station,  
11 by means of the Internet, by other electronic means of distributing  
12 information, by personal contact, or in any other way or medium;

13 (2) "APR" means the annual percentage rate for the loan calculated  
14 according to the provisions of the federal Military Lending Act, 10 USC  
15 987, as amended from time to time, and the regulations promulgated  
16 thereunder. For the purpose of calculating the APR, each [of the  
17 following shall be deemed to be a finance charge: (A) A charge set forth  
18 in 32 CFR 232.4(c)(1), as amended from time to time, (B) a charge for any  
19 ancillary product, membership or service sold in connection or  
20 concurrent with a small loan, (C) any amount offered or agreed to by a  
21 borrower in furtherance of obtaining credit or as compensation for the  
22 use of money, and (D) any fee, voluntarily or otherwise, charged, agreed  
23 to or paid by a borrower in connection or concurrent with a small loan]  
24 finance charge shall be included;

25 (3) "Branch office" means a location other than the main office where  
26 the licensee, or any person on behalf of the licensee, will engage in  
27 activities that require a small loan license;

28 (4) "Connecticut borrower" means any borrower who resides in or  
29 maintains a domicile in this state and who (A) negotiates or agrees to  
30 the terms of the small loan in person, by mail, by telephone or via the  
31 Internet while physically present in this state, (B) enters into or executes  
32 a small loan agreement with the lender in person, by mail, by telephone  
33 or via the Internet while physically present in this state, or (C) makes a  
34 payment on the loan in this state. For purposes of this subdivision,  
35 "payment on the loan" includes a debit on an account the borrower holds  
36 in a branch of a financial institution or the use of a negotiable instrument  
37 drawn on an account at a financial institution. For purposes of this  
38 subdivision, "financial institution" means any bank or credit union  
39 chartered or licensed under the laws of this state, any other state or the  
40 United States;

41 (5) "Control person" means an individual that directly or indirectly  
42 exercises control over another person, and includes any person that (A)  
43 is a director, general partner or executive officer, (B) in the case of a  
44 corporation, directly or indirectly has the right to vote ten per cent or  
45 more of a class of any voting security or has the power to sell or direct

46 the sale of ten per cent or more of any class of voting securities, (C) in  
47 the case of a limited liability company, is a managing member, or (D) in  
48 the case of a partnership, has the right to receive upon dissolution, or  
49 has contributed, ten per cent or more of the capital. For purposes of this  
50 subdivision, "control" means the power, directly or indirectly, to direct  
51 the management or policies of a company, whether through ownership  
52 of securities, by contract or otherwise;

53 (6) "Earned but unpaid wage or salary income" means the wage,  
54 salary, compensation or other income earned on an hourly, project-  
55 based, piecework or other basis by a Connecticut borrower for the  
56 provision of labor or services to, or on behalf of, an employer, which (A)  
57 is owed by the employer but has not yet been paid to the Connecticut  
58 borrower, and (B) has been verified by an earned but unpaid wage or  
59 salary income advance provider;

60 (7) "Earned but unpaid wage or salary income advance" means a  
61 small loan that is an advance to a Connecticut borrower of earned but  
62 unpaid wage or salary income in an original principal amount that is  
63 less than seven hundred fifty dollars and not greater than the amount of  
64 earned but unpaid wage or salary income for any particular pay period;

65 (8) "Earned but unpaid wage or salary income advance provider"  
66 means any person that engages in any of the activities set forth in  
67 subsection (a) of section 36a-556 with regard to an earned but unpaid  
68 wage or salary income advance;

69 (9) "Employer" means (A) an employer, as defined in section 31-58,  
70 who employs a Connecticut borrower and is obligated to pay the  
71 Connecticut borrower earned but unpaid wage or salary income, or (B)  
72 any other person who, in exchange for the provision of services to, or on  
73 behalf of, such person by a Connecticut borrower acting as an  
74 independent contractor, is contractually obligated to pay earned but  
75 unpaid wage or salary income to the Connecticut borrower;

76 (10) "Finance charge" means: (A) A charge set forth in 32 CFR

77 232.4(c)(1), as amended from time to time, (B) a charge for any ancillary  
78 product, membership or service sold in connection or concurrent with a  
79 small loan, (C) any amount offered or agreed to by a Connecticut  
80 borrower in furtherance of obtaining credit or as compensation for the  
81 use of money, and (D) any fee, voluntarily or otherwise, charged, agreed  
82 to or paid by a Connecticut borrower in connection or concurrent with  
83 a small loan;

84 [(6)] (11) "Generating leads" means (A) engaging in the business of  
85 selling leads for small loans, (B) generating or augmenting leads for  
86 small loans for other persons for or with the expectation of  
87 compensation or gain, or (C) referring consumers to other persons for a  
88 small loan for or with the expectation of compensation or gain for such  
89 referral, except "generating leads" shall not include generating or  
90 augmenting leads for small loans for an exempt person, as described in  
91 subsection (b) of section 36a-557, using the exempt person's data or  
92 customer information;

93 (12) "Independent contractor" has the same meaning as provided in  
94 section 36a-485;

95 [(7)] (13) "Lead" means any information identifying a potential  
96 consumer of a small loan;

97 [(8)] (14) "Main office" means the main address designated on the  
98 system;

99 [(9)] (15) "Open-end small loan" has the same meaning as "open-end  
100 credit", as defined in 12 CFR 1026.2, as amended from time to time;

101 [(10)] (16) "Person" means a natural person, corporation, company,  
102 limited liability company, partnership or association;

103 [(11)] (17) "Small loan" (A) means any loan of money or extension of  
104 credit, or the purchase of, or an advance of money on, a borrower's  
105 future potential source of money, including, but not limited to, future  
106 pay, salary, earned but unpaid wage or salary income, pension income

107 or a tax refund, if (i) the amount or value is fifty thousand dollars or less,  
108 and (ii) the APR is greater than twelve per cent, and (B) does not include  
109 (i) a retail installment contract made in accordance with section 36a-772,  
110 (ii) a loan or extension of credit for agricultural, commercial, industrial  
111 or governmental use, (iii) a residential mortgage loan, as defined in  
112 section 36a-485, [or] (iv) an open-end credit account that is accessed by  
113 a credit card issued by an exempt entity, as described in subdivision (1)  
114 of subsection (b) of section 36a-557, or (v) a wage, as defined in section  
115 31-58, paid by an employer directly to an employee prior to a regular  
116 pay day in accordance with the provisions of title 31;

117 [(12)] (18) "Trigger lead" means a consumer report obtained pursuant  
118 to Section 604(C)(1)(B) of the Fair Credit Reporting Act, 15 USC 1681b,  
119 where the issuance of the report is triggered by an inquiry made with a  
120 consumer reporting agency in response to an application for credit.  
121 "Trigger lead" does not include a consumer report obtained by a small  
122 loan lender that holds or services existing indebtedness of the applicant  
123 who is the subject of the report; and

124 [(13)] (19) "Unique identifier" means a number or other identifier  
125 assigned by protocols established by the system.

126 Sec. 2. Subsections (a) to (e), inclusive, of section 36a-558 of the  
127 general statutes are repealed and the following is substituted in lieu  
128 thereof (*Effective October 1, 2025*):

129 (a) Except as provided in subsection (c) of section 36a-557, no person  
130 licensed or required to be licensed under section 36a-556 shall engage in  
131 any of the activities described in subsection (a) of section 36a-556 for any  
132 small loan that contains any condition or provision inconsistent with the  
133 requirements in subsections (d) to (g), inclusive, of this section or section  
134 3 of this act.

135 (b) No person exempt from licensure under section 36a-557 shall  
136 engage in any of the activities described in subdivision (4), (5) or (6) of  
137 subsection (a) of section 36a-556 for any small loan made by a person

138 who was licensed or who was required to be licensed under section 36a-  
139 556 that contains any condition or provision inconsistent with the  
140 requirements in subsections (d) to (g), inclusive, of this section or section  
141 3 of this act.

142 (c) (1) Except as the result of a bona fide error or as set forth in  
143 subdivision (2) of this subsection, any small loan described in subsection  
144 (a) or (b) of this section that contains any condition or provision  
145 inconsistent with the requirements in subsections (d) to (g), inclusive, of  
146 this section or section 3 of this act shall not be enforced in this state. Such  
147 small loan shall be void and no person shall have the right to collect or  
148 receive any principal, interest, charge or other consideration thereon.  
149 Any person attempting to collect or receive principal, interest, charge or  
150 other consideration on such small loan shall be subject to the provisions  
151 of section 36a-570.

152 (2) Subdivision (1) of this subsection shall not apply when: (A) The  
153 inconsistent condition or provision is the result of a bona fide error; or  
154 (B) the small loan was lawfully made in compliance with a validly  
155 enacted licensed loan law of another state to a borrower who was not,  
156 at the time of the making of such loan, a Connecticut borrower but who  
157 has since become a Connecticut borrower.

158 (3) For the purposes of this subsection, the term "bona fide error"  
159 includes, but is not limited to, clerical, calculation and computer  
160 malfunction, programming and printing errors, but does not include an  
161 error of legal judgment with respect to a person's obligations under  
162 sections 36a-555 to 36a-573, inclusive, as amended by this act, or under  
163 regulations implemented pursuant to section 36a-573.

164 (d) Small loans that are the subject of the activities set forth in  
165 subsections (a) and (b) of this section shall not contain:

166 (1) (A) For a small loan that is under five thousand dollars, except for  
167 an earned but unpaid wage or salary income advance, an APR that  
168 exceeds the lesser of thirty-six per cent or the maximum annual

169 percentage rate for interest that is permitted with respect to the  
170 consumer credit extended under the Military Lending Act, 10 USC 987,  
171 as amended from time to time, or for a small loan that is between five  
172 thousand and fifty thousand dollars, an APR that exceeds twenty-five  
173 per cent; or

174 (B) For an earned but unpaid wage or salary income advance, a total  
175 finance charge that exceeds (i) four dollars per advance, or (ii) thirty  
176 dollars per month;

177 (2) For other than an open-end small loan, a provision that increases  
178 the interest rate due to payment default;

179 (3) A payment schedule with regular periodic payments that when  
180 aggregated do not fully amortize the outstanding principal balance;

181 (4) A payment schedule with regular periodic payments that cause  
182 the principal balance to increase;

183 (5) A payment schedule that consolidates more than two periodic  
184 payments and pays them in advance from the proceeds, unless such  
185 payments are required to be escrowed by a governmental agency;

186 (6) A prepayment penalty;

187 (7) An adjustable rate provision;

188 (8) A waiver of participation in a class action or a provision requiring  
189 a borrower, whether acting individually or on behalf of others similarly  
190 situated, to assert any claim or defense in a nonjudicial forum that: (A)  
191 Utilizes principles that are inconsistent with the law as set forth in the  
192 general statutes or common law; or (B) limits any claim or defense the  
193 borrower may have;

194 (9) A call provision that permits the lender, in its sole discretion, to  
195 accelerate the indebtedness, except when repayment of the loan is  
196 accelerated by a bona fide default pursuant to a due-on-sale clause;

197 (10) A security interest, except as provided in subsection (e) of this  
198 section; or

199 (11) Fees or charges of any kind, except as expressly permitted by  
200 subsection (e) of this section or allowed under subparagraph (B) of  
201 subdivision (1) of this subsection and section 3 of this act.

202 (e) [Small] Except as provided in section 3 of this act, small loans as  
203 described in subsections (a) and (b) of this section may contain  
204 provisions:

205 (1) For late fees, if: (A) Such fees are assessed after an installment  
206 remains unpaid for ten or more consecutive days, including Sundays  
207 and holidays; (B) such fees do not exceed five per cent of the outstanding  
208 installment payment, excluding any previously assessed late fees, or a  
209 total of twenty-five dollars per month, whichever is less; and (C) no  
210 interest is charged on such fees;

211 (2) Allowing charges for a dishonored check or any other form of  
212 returned payment, provided the total fee for such returned payment  
213 shall not exceed twenty dollars;

214 (3) Allowing for collection of deferral charges, but only upon the  
215 specific written authorization of the borrower and in a total amount not  
216 to exceed the interest due during the applicable billing cycle;

217 (4) Allowing for the accrual of interest after the maturity date or the  
218 deferred maturity date, provided such interest shall not exceed twelve  
219 per cent per annum computed on a daily basis on the respective unpaid  
220 balances;

221 (5) Providing for reasonable attorney's fees subject to the conditions  
222 and restrictions set forth in section 42-150aa;

223 (6) Including credit life insurance or credit accident and health  
224 insurance subject to the conditions and restrictions set forth in section  
225 36a-559; and



226 (7) Taking a security interest in a motor vehicle in connection with a  
227 closed-end small loan made solely for the purchase or refinancing of  
228 such motor vehicle, provided the APR of such loan shall not exceed the  
229 rates indicated for the respective classifications of motor vehicles as  
230 follows: (A) New motor vehicles, fifteen per cent; (B) used motor  
231 vehicles of a model designated by the manufacturer by a year not more  
232 than two years prior to the year in which the sale is made, seventeen per  
233 cent; and (C) used motor vehicles of a model designated by the  
234 manufacturer by a year more than two years prior to the year in which  
235 the sale is made, nineteen per cent.

236 Sec. 3. (NEW) (*Effective October 1, 2025*) (a) An earned but unpaid  
237 wage or salary income advance provider required to be licensed under  
238 sections 36a-555 to 36a-573, inclusive, of the general statutes, as  
239 amended by this act, shall:

240 (1) Offer each Connecticut borrower who the provider approves to  
241 receive an earned but unpaid wage or salary income advance at least  
242 one option per transaction to receive such advance at no cost and clearly  
243 disclose the procedure for electing to receive such advance at no cost;

244 (2) If the provider charges or receives a finance charge:

245 (A) Offer each Connecticut borrower, who the provider approves to  
246 receive an earned but unpaid wage or salary income advance, (i) an  
247 earned but unpaid wage or salary income advance in an amount equal  
248 to not less than seventy-five per cent of the amount of the Connecticut  
249 borrower's earned but unpaid wage or salary income for the pay period,  
250 or (ii) not more than one earned but unpaid wage or salary income  
251 advance for the pay period; and

252 (B) Clearly and conspicuously disclose to the Connecticut borrower,  
253 for each time that the provider solicits, charges or receives a finance  
254 charge purporting to be voluntarily charged, agreed to or paid, that: (i)  
255 The finance charge is voluntary; (ii) such borrower may elect a finance  
256 charge of zero dollars; and (iii) the amount and frequency of the earned

257 but unpaid wage or salary income advances that a borrower is eligible  
258 to request or receive are not contingent on whether the borrower pays  
259 or agrees to the voluntary finance charge or whether the borrower has  
260 previously paid a finance charge;

261 (3) Prior to offering or providing a Connecticut borrower an earned  
262 but unpaid wage or salary income advance:

263 (A) Fully and clearly disclose to the borrower: (i) Any finance charge  
264 associated with the earned but unpaid wage or salary income advance;  
265 (ii) the provider's cancellation procedure; (iii) that the borrower may  
266 submit complaints concerning the provider to the Department of  
267 Banking via the department's Internet web site; and (iv) a link to such  
268 Internet web site;

269 (B) Verify that the borrower's earned but unpaid wage or salary  
270 income meets or exceeds the amount of the earned but unpaid wage or  
271 salary income advance by using (i) payroll data of the borrower's  
272 employer, (ii) electronic payroll data that the borrower affirmatively  
273 authorizes the provider to access, or (iii) any similar data or other  
274 reasonable method approved by the Banking Commissioner; and

275 (C) Require the borrower to attest that the borrower understands that  
276 the borrower may not receive more than one earned but unpaid wage  
277 or salary income advance from more than one earned but unpaid wage  
278 or salary income advance provider on the basis of the same earned but  
279 unpaid wage or salary income, or to provide a similar attestation  
280 approved by the Banking Commissioner;

281 (4) Schedule the repayment of any earned but unpaid wage or salary  
282 income advance amount, or finance charge, in the form of a single  
283 repayment on a date that corresponds to the date of the Connecticut  
284 borrower's next scheduled paycheck or direct deposit payment from  
285 such borrower's employer and is not more than thirty-four days after  
286 the provider provides the earned but unpaid wage or salary income  
287 advance to the borrower, except that if such repayment is not made on

288 such date due to a request by the borrower to reschedule the payment,  
289 lack of the borrower's available paycheck or direct deposit payment  
290 funds or payroll or similar error, the provider shall reschedule such  
291 repayment in the form of not more than three installments on any  
292 subsequent date or dates agreed to by the borrower at the time when the  
293 borrower agrees to the earned but unpaid wage or salary income  
294 advance;

295 (5) Reimburse each Connecticut borrower the full amount of any  
296 overdraft or nonsufficient funds fee imposed on the borrower by the  
297 borrower's depository institution that is caused by the provider  
298 attempting to seek repayment of any earned but unpaid wage or salary  
299 income advance amount or finance charge on a date before the  
300 repayment date disclosed to the borrower or in an amount other than  
301 the repayment amount disclosed to the borrower;

302 (6) Make readily available to each Connecticut borrower, in electronic  
303 form, the following information:

304 (A) For each earned but unpaid wage or salary income advance  
305 provided to the borrower during the preceding twelve months, (i) the  
306 date of the earned but unpaid wage or salary income advance; (ii) the  
307 amount of any finance charge; and (iii) the amount of the earned but  
308 unpaid wage or salary income advance; and

309 (B) The total amount of (i) all earned but unpaid wage or salary  
310 income advances that the borrower has received for the current pay  
311 period, if any; (ii) all finance charges for such advances, if any; and (iii)  
312 all earned but unpaid wage or salary income for the current pay period  
313 that has not been advanced to the borrower, if any;

314 (7) Allow each Connecticut borrower to cancel any earned but unpaid  
315 wage or salary income advance application, service, subscription or  
316 program at any time without incurring a fee;

317 (8) Implement measures to prevent an earned but unpaid wage or  
318 salary income advance from being provided to a Connecticut borrower

319 who has previously received an earned but unpaid wage or salary  
320 income advance from another earned but unpaid wage or salary income  
321 advance provider on the basis of the same earned but unpaid wage or  
322 salary income, including, but not limited to, the following measures:

323 (A) The establishment and implementation of policies and  
324 procedures requiring a review and analysis of data in the possession  
325 and control of the provider at least once every six months to identify any  
326 instance or pattern involving a Connecticut borrower receiving more  
327 than one earned but unpaid wage or salary income advance from more  
328 than one earned but unpaid wage or salary income advance provider  
329 for a single pay period, which totaled more than the borrower's earned  
330 but unpaid wage or salary income amount for such pay period; and

331 (B) Any similar measures the commissioner may require; and

332 (9) Develop and implement policies and procedures to respond to  
333 questions and complaints from Connecticut borrowers in an expedient  
334 manner.

335 (b) An earned but unpaid wage or salary income advance provider  
336 required to be licensed under sections 36a-555 to 36a-573, inclusive, of  
337 the general statutes, as amended by this act, shall not:

338 (1) Charge or receive a total finance charge in excess of the amount  
339 permitted by subdivision (1) of subsection (d) of section 36a-558 of the  
340 general statutes, as amended by this act;

341 (2) Solicit a voluntary finance charge prior to informing the  
342 Connecticut borrower of how much earned but unpaid wage or salary  
343 income such borrower is approved to request;

344 (3) Set any voluntary finance charge in an amount greater than zero  
345 dollars as the default option offered to a Connecticut borrower;

346 (4) Share with an employer any portion of a finance charge paid by a  
347 Connecticut borrower;

348 (5) Request repayment for an earned but unpaid wage or salary  
349 income advance or finance charge from a Connecticut borrower prior to  
350 the date of the borrower's next scheduled paycheck or direct deposit  
351 payment from such borrower's employer;

352 (6) Accept repayment for an earned but unpaid wage or salary  
353 income advance or finance charge from a Connecticut borrower by  
354 means of a credit card or charge card;

355 (7) Charge a late fee, a deferral fee, interest or any other penalty or  
356 charge for the late repayment of, or failure to repay, an earned but  
357 unpaid wage or salary income advance or for the late payment of, or  
358 failure to pay, a finance charge;

359 (8) Compel or attempt to compel repayment by a Connecticut  
360 borrower for any earned but unpaid wage or salary income advance or  
361 finance charge through any of the following means:

362 (A) The use of unsolicited outbound telephone calls;

363 (B) A lawsuit against the borrower in any court in any jurisdiction;

364 (C) The use of a third party to pursue collection from the borrower  
365 on the provider's behalf; or

366 (D) The sale of an outstanding amount to a consumer collection  
367 agency, as defined in section 36a-800 of the general statutes, for  
368 collection from the borrower;

369 (9) Require a credit report, credit score or other credit-related  
370 information to determine the eligibility of a Connecticut borrower for  
371 an earned but unpaid wage or salary income advance; or

372 (10) Report to a consumer reporting agency, as described in Section  
373 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from  
374 time to time, or consumer collection agency any information about a  
375 Connecticut borrower regarding nonpayment for any earned but  
376 unpaid wage or salary income advance or finance charge."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	36a-555
Sec. 2	<i>October 1, 2025</i>	36a-558(a) to (e)
Sec. 3	<i>October 1, 2025</i>	New section

Section 1	<i>October 1, 2025</i>	36a-555
Sec. 2	<i>October 1, 2025</i>	36a-558(a) to (e)
Sec. 3	<i>October 1, 2025</i>	New section