



General Assembly

Amendment

January Session, 2025

LCO No. 8905



Offered by:

SEN. MILLER P., 27th Dist.
REP. DOUCETTE, 13th 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 Section 36a-555 of the general statutes is repealed and the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 thirty-day period;

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 a single repayment on any subsequent date
292 agreed to by the borrower;

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

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

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

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

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

315 (8) Implement measures to prevent an earned but unpaid wage or
316 salary income advance from being provided to a Connecticut borrower
317 who has previously received an earned but unpaid wage or salary
318 income advance from another earned but unpaid wage or salary income

319 advance provider on the basis of the same earned but unpaid wage or
320 salary income, including, but not limited to, the following measures:

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

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

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

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

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

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

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

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

346 (5) Request repayment for an earned but unpaid wage or salary
347 income advance or finance charge from a Connecticut borrower prior to

348 the date of the borrower's next scheduled paycheck or direct deposit
349 payment from such borrower's employer;

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

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

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

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

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

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

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

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

370 (10) Report to a consumer reporting agency, as described in Section
371 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from
372 time to time, or consumer collection agency any information about a
373 Connecticut borrower regarding nonpayment for any earned but
374 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