

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

HOUSE BILL 2864

By: Pae

AS INTRODUCED

An Act relating to debtor and creditor; creating the Payday Loan Prohibition Act of 2020; prohibiting certain loans; limiting interest rate allowable for certain transactions; stating applicability to all parties of certain transactions; specifying certain unlawful acts; specifying certain interest rate maximums for transactions; providing for the promulgation of rules; providing certain penalties; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 170 of Title 24, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Payday Loan Prohibition Act of 2020".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 171 of Title 24, unless there is created a duplication in numbering, reads as follows:

A. No person, except as authorized by the Payday Loan Prohibition Act of 2020, shall directly or indirectly charge,

1 contract for or receive any interest, discount or consideration  
2 greater than provided by the Payday Loan Prohibition Act of 2020  
3 upon the loan, use or sale of credit of the amount or value of Two  
4 Thousand Dollars (\$2,000.00) or less.

5 B. The prohibition in subsection A of this section shall apply  
6 to any person who, by any device, subterfuge or pretense, shall  
7 charge, contract for or receive greater interest, consideration or  
8 charges than are authorized by the Payday Loan Prohibition Act of  
9 2020 for the loan, use or forbearance of money, goods or things in  
10 action, or for the loan, use or sale of credit.

11 C. No loan in the amount or value of Two Thousand Dollars  
12 (\$2,000.00) or less for which a greater rate of interest,  
13 consideration or charges than is permitted by the Payday Loan  
14 Prohibition Act of 2020 has been charged, contracted for or  
15 received, wherever made, shall be enforced in this state, and every  
16 person in any way participating therein in this state shall be  
17 subject to the provisions of the Payday Loan Prohibition Act of  
18 2020; provided, that this section shall not apply to loans legally  
19 made in any other state, commonwealth or district which then has in  
20 effect a regulatory small loan law similar in principle to the  
21 Payday Loan Prohibition Act of 2020.

22 D. No person may engage in any device, subterfuge or pretense  
23 to evade the requirements of the Payday Loan Prohibition Act of  
24 2020, including making loans disguised as personal property sales

1 and leaseback transactions, disguising loan proceeds as cash rebates  
2 for the pretextual installment sale of goods or services, or  
3 assisting a debtor in obtaining a loan with a greater rate of  
4 interest, consideration or charges than is permitted by the Payday  
5 Loan Prohibition Act of 2020 through any method, including mail,  
6 telephone, Internet or any electronic means, regardless of whether  
7 the person has a physical location in the state.

8 E. No loan, contract or nationally recognized credit card, as  
9 defined under Section 6-108 of Title 37A of the Oklahoma Statutes,  
10 shall charge an annual percentage rate (APR) of greater than ten  
11 percent (10%) the Federal Reserve discount rate. The payment terms  
12 of any loan, contract or nationally recognized credit card charging  
13 an APR of greater than ten percent (10%) the Federal Reserve  
14 discount rate is unenforceable.

15 F. The Oklahoma Securities Commission or the Attorney General  
16 shall promulgate rules creating an electronic method, using a form  
17 submission process on a state-owned Internet website, by which  
18 violations of the Payday Loan Prohibition Act of 2020 can be  
19 reported by members of the public.

20 SECTION 3. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 172 of Title 24, unless there is  
22 created a duplication in numbering, reads as follows:

23 A. Any person or business found in violation of any provisions  
24 of the Payday Loan Prohibition Act of 2020 shall be guilty of a

1 misdemeanor and shall, upon a first offense, be fined not less than  
2 One Thousand Dollars (\$1,000.00) nor more than Five Thousand Dollars  
3 (\$5,000.00) and may, at judicial discretion, be confined to the  
4 county jail for not more than fifteen (15) days.

5 B. Any person or business found in violation of any provisions  
6 of the Payday Loan Prohibition Act of 2020 shall be guilty of a  
7 misdemeanor and shall, upon a second offense, be fined not less than  
8 Five Thousand Dollars (\$5,000.00) nor more than Ten Thousand Dollars  
9 (\$10,000.00) and may, at judicial discretion, be confined to the  
10 county jail for not more than fifteen (15) days.

11 C. Any person or business found in violation of any provisions  
12 of the Payday Loan Prohibition Act of 2020 shall be guilty of a  
13 misdemeanor and shall, upon a third offense, be fined not less than  
14 Ten Thousand Dollars (\$10,000.00) nor more than Twenty-five Thousand  
15 Dollars (\$25,000.00) and shall be confined to the county jail for  
16 not less than five (5) days nor more than thirty (30) days.

17 SECTION 4. This act shall become effective November 1, 2020.

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