S-3924.1

SENATE BILL 6250

State of Washington 69th Legislature 2026 Regular Session

By Senators Kauffman and Nobles

Read first time 01/21/26. Referred to Committee on Business, Trade & Economic Development.

AN ACT Relating to the maximum principal amount of small loans; and amending RCW 31.45.073.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 31.45.073 and 2009 c 510 s 3 are each amended to read as follows:

(1) No licensee may engage in the business of making small loans without first obtaining a small loan endorsement to its license from the director in accordance with this chapter. An endorsement will be required for each location where a licensee engages in the business of making small loans, but a small loan endorsement may authorize a licensee to make small loans at a location different than the licensed locations where it cashes or sells checks. A licensee may have more than one endorsement.

(2)(a) A licensee must set the due date of a small loan on or after the date of the borrower's next pay date. If a borrower's next pay date is within seven days of taking out the loan, a licensee must set the due date of a small loan on or after the borrower's second pay date after the date the small loan is made. The termination date of a small loan may not exceed the origination date of that same small loan by more than ((~~forty-five~~)) 45 days, including weekends and holidays, unless the term of the loan is extended by agreement of

both the borrower and the licensee and no additional fee or interest is charged. The maximum principal amount of any small loan, or the outstanding principal balances of all small loans made by all licensees to a single borrower at any one time, may not exceed ((~~seven hundred dollars~~)) $1,200, adjusted for inflation based upon changes in the consumer price index as provided in (b) of this subsection, or ((~~thirty~~)) 30 percent of the gross monthly income of the borrower, whichever is lower. A licensee is prohibited from making a small loan to a borrower who is in default on another small loan until after that loan is paid in full or two years have passed from the origination date of the small loan, whichever occurs first.

(b) Beginning January 1, 2027, and annually thereafter, the department of financial institutions shall calculate the inflation-adjusted maximum principal amount of any small loan, or the outstanding principal balances of all small loans made by all licensees to a single borrower, at any one time allowed under (a) of this subsection, by calculating to the nearest cent using the consumer price index. The department of financial institutions shall publish the information on its website and in a press release. For the purposes of this subsection (2), "consumer price index" means the consumer price index for all urban consumers, all items, for the Seattle area as calculated by the United States bureau of labor statistics or its successor agency.

(3) A licensee is prohibited from making a small loan to a borrower in an installment plan with any licensee until after the plan is paid in full or two years have passed from the origination date of the installment plan, whichever occurs first.

(4) A borrower is prohibited from receiving more than eight small loans from all licensees in any ((~~twelve~~)) 12-month period. A licensee is prohibited from making a small loan to a borrower if making that small loan would result in a borrower receiving more than eight small loans from all licensees in any ((~~twelve~~)) 12-month period.

(5) A licensee that has obtained the required small loan endorsement may charge interest or fees for small loans not to exceed in the aggregate ((~~fifteen~~)) 15 percent of the first ((~~five hundred dollars~~)) $500 of principal. If the principal exceeds ((~~five hundred dollars~~)) $500, a licensee may charge interest or fees not to exceed in the aggregate ((~~ten~~)) 10 percent of that portion of the principal in excess of ((~~five hundred dollars~~)) $500. If a licensee makes more

than one loan to a single borrower, and the aggregated principal of all loans made to that borrower exceeds ((~~five hundred dollars~~)) $500 at any one time, the licensee may charge interest or fees not to exceed in the aggregate ((~~ten~~)) 10 percent on that portion of the aggregated principal of all loans at any one time that is in excess of ((~~five hundred dollars~~)) $500. The director may determine by rule which fees, if any, are not subject to the interest or fee limitations described in this section. It is a violation of this chapter for any licensee to knowingly loan to a single borrower at any one time, in a single loan or in the aggregate, more than the maximum principal amount described in this section.

(6) In connection with making a small loan, a licensee may advance moneys on the security of a postdated check. The licensee may not accept any other property, title to property, or other evidence of ownership of property as collateral for a small loan. The licensee may accept only one postdated check per loan as security for the loan. A licensee may permit a borrower to redeem a postdated check with a payment of cash or the equivalent of cash. The licensee may disburse the proceeds of a small loan in cash, in the form of a check, or in the form of the electronic equivalent of cash or a check.

(7) No person may at any time cash or advance any moneys on a postdated check or draft in excess of the amount of goods or services purchased without first obtaining a small loan endorsement to a check casher or check seller license.

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