SENATE BILL REPORT
SB 6250

As of January 28, 2026

Title: An act relating to the maximum principal amount of small loans.

Brief Description: Concerning the maximum principal amount of small loans.

Sponsors: Senators Kauffman and Nobles.

Brief History:
Committee Activity: Business, Trade & Economic Development: 1/29/26.

Brief Summary of Bill

- Increases the limit, from $700 to $1,200, of the maximum principal amount or total loan balance of small loans received by a borrower, subject to a specified cap on the borrower's gross monthly income.
- Requires the Department of Financial Institutions to annually adjust the limit based on changes in the Consumer Price Index for a specified area.

SENATE COMMITTEE ON BUSINESS, TRADE & ECONOMIC DEVELOPMENT

Staff: John Kim (786-7453)

Background: The Department of Financial Institutions (DFI) licenses and regulates check cashers and sellers. In addition to a license to cash or sell checks or drafts, a licensee may apply to DFI for an endorsement to make small loans, colloquially referred to as payday loans.

Small loans are subject to limitations including, but not limited to, the principal amount of a loan or total loan balance, the duration of a loan, the number of loans received by a borrower, and the interest or fees charged on the loan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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 $700 or 30 percent of the gross monthly income of the borrower, whichever is lower.

Summary of Bill: The $700 limit on a small loan or the outstanding principal balances of all small loans made by all licensees to a single borrower at any one time is raised to $1,200, subject to the 30 percent cap of the borrower's gross monthly income.

Beginning January 1, 2027, and annually thereafter, the $1,200 cap must be adjusted for inflation based upon changes in the Consumer Price Index. The Consumer Price Index is defined to mean 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.

DFI must 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 by calculating to the nearest cent using the Consumer Price Index, and publish the information on its website and in a press release.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.