

SENATE BILL 496

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 45
and Title 47, relative to short-term lending
transactions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 45, is amended by adding the following language as a new chapter:

45-21-101. For purposes of this chapter:

- (1) "Commissioner" means the commissioner of financial institutions;
- (2) "Person" means an individual, corporation, or other legal entity;
- (3) "Short-term lender" means any person who engages in the business of making short-term lending transactions; and
- (4) "Short-term lending transaction":
 - (A) Means any transaction in which funds are advanced to be repaid at a later date, notwithstanding the fact that the transaction contains one (1) or more other elements; and
 - (B) Includes:
 - (i) Transactions conducted by an industrial loan and thrift company as described in chapter 5 of this title;
 - (ii) Pawn transactions as described in the Tennessee Pawnbrokers Act of 1988, compiled in chapter 6, part 2 of this title;
 - (iii) Flex loans as described in the Flexible Credit Act, compiled in chapter 12 of this title;

(iv) Property pledge and title pledge agreements as described in the Tennessee Title Pledge Act, compiled in chapter 15 of this title;

(v) Deferred presentment services as described in the Deferred Presentment Services Act, compiled in chapter 17 of this title;

(vi) Check cashing as described in the Check Cashing Act of 1997, compiled in chapter 18 of this title;

(vii) The selling or providing of an item, service, or commodity incidental to the advancement of the funds; and

(viii) Any other element introduced to disguise the true nature of the transaction as an extension of credit as determined by the commissioner.

45-21-102. No short-term lender shall assess an interest rate for any short-term lending transaction that exceeds twenty-eight percent (28%) per annum.

45-21-103. The commissioner shall promulgate rules with regard to the appropriate civil penalty to be assessed against any person violating this chapter.

SECTION 2. Tennessee Code Annotated, Section 45-17-118, is amended by deleting the language "The business of deferred presentment services conducted in accordance with this chapter shall not be subject to or controlled by any other statute governing the imposition of interest" and substituting instead the language "Except as provided in § 45-21-102, the business of deferred presentment services conducted in accordance with this chapter shall not be subject to or controlled by any other statute governing the imposition of interest".

SECTION 3. This act shall take effect July 1, 2015, the public welfare requiring it, and shall apply to any short-term lending transaction entered into or renewed on or after the effective date of this act.