

HOUSE BILL 1294

I2, I3

5lr1545

By: ~~Delegate Wilson~~ **Delegates Wilson and Amprey**

Introduced and read first time: February 7, 2025

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 2025

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law – Credit Regulation – Earned Wage Access and Credit**
3 **Modernization**

4 FOR the purpose of subjecting certain earned wage access products to the Maryland
5 Consumer Loan Law and other provisions that regulate entities that provide
6 consumer credit, ~~revolving credit, and closed end credit~~; restricting the acceptance of
7 tips by certain lenders under certain circumstances; providing for the licensing or
8 registration of certain entities offering earned wage access products with certain
9 exemptions; regulating earned wage access service agreements; limiting the costs
10 and fees associated with obtaining an earned wage access product; and generally
11 relating to consumer lending and earned wage access.

12 BY repealing and reenacting, with amendments,
13 Article – Commercial Law
14 Section 12–101, and 12–301, ~~12–901, and 12–1001~~
15 Annotated Code of Maryland
16 (2013 Replacement Volume and 2024 Supplement)

17 BY adding to
18 Article – Commercial Law
19 Section 12–128, 12–318, and 12–319, ~~12–927, and 12–1031~~; and 12–1501 through
20 12–1507 to be under the new subtitle “Subtitle 15. Earned Wage Access”
21 Annotated Code of Maryland
22 (2013 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 12–101.

5 (a) In this subtitle the following words have the meanings indicated.

6 (b) “Borrower” means a person who borrows money under this subtitle.

7 (c) “Commercial loan” means a loan which is made:

8 (1) Solely to acquire or carry on a business or commercial enterprise; or

9 (2) To any business or commercial organization.

10 (d) “Effective rate of simple interest” means the yield to maturity rate of interest
11 received or to be received by a lender on the face amount of a loan, computed in accordance
12 with § 12–107 of this subtitle.

13 (e) “Interest” means, except as specifically provided in § 12–105 of this subtitle
14 **OR § 12–1501 OF THIS TITLE**, any compensation directly or indirectly imposed by a lender
15 for the extension of credit for the use or forbearance of money, including any loan fee,
16 origination fee, service and carrying charge, investigator’s fee, time–price differential, and
17 any amount payable as a discount or point or otherwise payable for services.

18 (f) “Lender” means a licensee or a person who makes a loan subject to this
19 subtitle.

20 (g) “Licensee” means a person that is required to be licensed to make loans subject
21 to this subtitle, regardless of whether the person is actually licensed.

22 (h) (1) “Loan” means a loan or an advance of money or credit subject to this
23 subtitle, regardless of whether the loan or advance of money or credit is or purports to be
24 made under this subtitle.

25 (2) “Loan” does not include:

26 (i) A loan or advance of money or credit subject to Subtitle 3 of this
27 title, unless a written election is made under § 12–101.1 of this subtitle;

28 (ii) A plan or loan for which a written election is made under Subtitle
29 3, Subtitle 4, Subtitle 9, or Subtitle 10 of this title; or

30 (iii) An installment sale agreement as defined in § 12–601 of this
31 title.

1 [(h-1)] (I) “Mobile home” has the meaning stated in § 11-501 of the Financial
2 Institutions Article.

3 [(i)] (J) “Person” includes an individual, corporation, business trust, statutory
4 trust, estate, trust, partnership, association, two or more persons having a joint or common
5 interest, or any other legal or commercial entity.

6 [(j)] (K) “Point” means a fee, premium, bonus, loan origination fee, service
7 charge, or any other charge equal to 1 percent of the principal amount of a loan which is
8 charged by the lender at or before the time the loan is made as additional compensation for
9 the loan.

10 [(k)] (L) “Simple interest” means interest charged on the principal amount
11 loaned to the borrower.

12 [(l)] (M) “Stated rate of interest” means the annual rate of interest stated in
13 percentage which appears on the face of the bond, draft, mortgage, deed of trust, security
14 agreement, promissory note, or other instrument which evidences the indebtedness.

15 (N) (1) **“TIP” MEANS A VOLUNTARY PAYMENT BY A CONSUMER TO A
16 LENDER OR THIRD PARTY WHO PROVIDES OR ARRANGES A LOAN:**

17 (I) **MADE AT THE TIME OF THE TRANSACTION IN RECOGNITION
18 OF THE LENDER’S OR THIRD PARTY’S PROVISION OR ARRANGEMENT OF THE LOAN;**

19 (II) **MADE AT THE SOLE DISCRETION OF THE CONSUMER; AND**

20 (III) **THAT DOES NOT AFFECT THE WILLINGNESS OF THE LENDER
21 OR THIRD PARTY TO PROVIDE OR ARRANGE THE LOAN OR ANY FUTURE LOAN OR
22 AFFECT THE TERMS OF ANY LOAN.**

23 (2) **“TIP” DOES NOT INCLUDE ANY PAYMENT MADE BY A CONSUMER
24 FOR EXPEDITED PROCESSING OR DISBURSEMENT OR FOR A MEMBERSHIP,
25 REGISTRATION, OR SUBSCRIPTION FEE.**

26 [(m)] (O) “Usury” means the charging of interest by a lender in an amount which
27 is greater than that allowed by this subtitle.

28 [(n)] (P) “Wages” means all remuneration paid to any employee for the
29 employee’s employment, including the cash value of all remuneration paid in any medium
30 other than cash.

31 **12-128.**

1 **(A) A LENDER WHO GIVES CONSUMERS AN OPTION TO PROVIDE THE**
2 **LENDER A TIP SHALL:**

3 **(1) DISCLOSE TO THE CONSUMER TO WHOM THE TIP WILL BE**
4 **ALLOCATED; AND**

5 **(2) SET THE DEFAULT TIP AT ZERO.**

6 **(B) A LENDER MAY NOT DIRECTLY OR INDIRECTLY SUGGEST THAT**
7 **PROVIDING A TIP WILL INFLUENCE:**

8 **(1) THE LENDER'S WILLINGNESS TO PROVIDE A LOAN TO A**
9 **CONSUMER AT ANY TIME; OR**

10 **(2) THE TERMS OF ANY LOAN OFFERED TO THE CONSUMER BY THAT**
11 **LENDER.**

12 **(C) A LENDER WHO RECEIVES A TIP THAT WOULD OTHERWISE CREATE A**
13 **RATE OF INTEREST ABOVE THAT ALLOWED UNDER THIS SUBTITLE MAY NOT BE**
14 **FOUND IN VIOLATION OF THIS SUBTITLE IF THE LENDER RETURNS ALL OF THE TIP**
15 **OR THAT PORTION OF THE TIP NECESSARY TO REDUCE THE RATE OF INTEREST TO**
16 **AN AMOUNT ALLOWED UNDER THIS SUBTITLE WITHIN 30 CALENDAR DAYS AFTER**
17 **RECEIVING THE TIP.**

18 **(D) A LENDER SHALL PROMINENTLY DISCLOSE THAT:**

19 **(1) PROVIDING A TIP DOES NOT INFLUENCE THE LENDER'S**
20 **WILLINGNESS TO PROVIDE A LOAN TO THE CONSUMER AT ANY TIME; AND**

21 **(2) ANY TIP PAID BY THE CONSUMER DOES NOT INURE TO THE DIRECT**
22 **BENEFIT OF ANY SPECIFIC EMPLOYEE OF THE LENDER OR ANY OTHER INDIVIDUAL.**

23 12-301.

24 (a) In this subtitle the following words have the meanings indicated.

25 (b) "Commissioner" means the Commissioner of Financial Regulation.

26 (c) "INTEREST" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.

27 [(c)] (D) "Lender" means a licensee or a person who makes a loan subject to this
28 subtitle.

1 **[(d)] (E)** “Licensee” means a person who is required to be licensed under Title
2 11, Subtitle 2 of the Financial Institutions Article, the Maryland Consumer Loan Law
3 – Licensing Provisions, regardless of whether the person is actually licensed.

4 **[(e)] (F)** (1) “Loan” means any loan or advance of money or credit subject to
5 this subtitle, regardless of whether the loan or advance of money or credit is or purports to
6 be made under this subtitle.

7 (2) “Loan” does not include an installment sale agreement as defined in §
8 12–601 of this title.

9 **[(f)] (G)** “Person” includes an individual, corporation, business trust, statutory
10 trust, estate, trust, partnership, association, two or more persons having a joint or common
11 interest, or any other legal or commercial entity.

12 **(H) “TIP” HAS THE MEANING STATED IN § 12–101 OF THIS TITLE.**

13 **[(g)] (I)** “Wages” means all remuneration paid to any employee for the
14 employee’s employment, including the cash value of all remuneration paid in any medium
15 other than cash.

16 **12–318.**

17 **(A) A LENDER WHO GIVES CONSUMERS AN OPTION TO PROVIDE THE**
18 **LENDER A TIP SHALL:**

19 **(1) DISCLOSE TO THE CONSUMER TO WHOM THE TIP WILL BE**
20 **ALLOCATED; AND**

21 **(2) SET THE DEFAULT TIP AT ZERO.**

22 **(B) A LENDER MAY NOT DIRECTLY OR INDIRECTLY SUGGEST THAT**
23 **PROVIDING A TIP WILL INFLUENCE:**

24 **(1) THE LENDER’S WILLINGNESS TO PROVIDE A LOAN TO A**
25 **CONSUMER AT ANY TIME; OR**

26 **(2) THE TERMS OF ANY LOAN OFFERED TO THE CONSUMER BY THAT**
27 **LENDER.**

28 **(C) A LENDER WHO RECEIVES A TIP THAT WOULD OTHERWISE CREATE A**
29 **RATE OF INTEREST ABOVE THAT ALLOWED UNDER THIS SUBTITLE MAY NOT BE**
30 **FOUND IN VIOLATION OF THIS SUBTITLE IF THE LENDER RETURNS ALL OF THE TIP**
31 **OR THAT PORTION OF THE TIP NECESSARY TO REDUCE THE RATE OF INTEREST TO**

1 AN AMOUNT ALLOWED UNDER THIS SUBTITLE WITHIN 30 CALENDAR DAYS AFTER
2 RECEIVING THE TIP.

3 (D) A LENDER SHALL PROMINENTLY DISCLOSE THAT:

4 (1) PROVIDING A TIP DOES NOT INFLUENCE THE LENDER'S
5 WILLINGNESS TO PROVIDE A LOAN TO THE CONSUMER AT ANY TIME; AND

6 (2) ANY TIP PAID BY THE CONSUMER DOES NOT INURE TO THE DIRECT
7 BENEFIT OF ANY SPECIFIC EMPLOYEE OF THE LENDER OR ANY OTHER INDIVIDUAL.

8 12-319.

9 NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, A LOAN SHALL BE
10 SUBJECT TO THIS SUBTITLE, WHETHER OR NOT ELECTED, IF THE LOAN IS
11 CONSUMER-DIRECTED EARNED WAGE ACCESS UNDER SUBTITLE 15 OF THIS TITLE.

12 ~~12-901.~~

13 (a) ~~In this subtitle the following words have the meanings indicated.~~

14 (b) ~~"Borrower" means a corporation, partnership, association, government or~~
15 ~~governmental subdivision or agency, trust, individual, or other entity receiving a loan or~~
16 ~~other extension of credit under this subtitle.~~

17 (c) ~~"Commercial loan" and "extension of credit for a commercial purpose" mean~~
18 ~~an extension of credit made:~~

19 (1) ~~Solely to acquire an interest in or to carry on a business or commercial~~
20 ~~enterprise; or~~

21 (2) ~~To any business or commercial organization.~~

22 (d) ~~"Consumer borrower" means an individual receiving a loan or other extension~~
23 ~~of credit under this subtitle for personal, household, or family purposes or an individual~~
24 ~~receiving a commercial loan or other extension of credit for any commercial purpose not in~~
25 ~~excess of \$75,000, secured by residential real property.~~

26 (e) ~~"Credit device" means any card, plate, check, draft, identification code, or~~
27 ~~other means of identification contemplated by the agreement governing the plan.~~

28 (f) (1) ~~"Credit grantor" means any individual, corporation, business trust,~~
29 ~~statutory trust, estate, trust, partnership, association, two or more persons having a joint~~
30 ~~or common interest, or any other legal or commercial entity making a loan or other~~
31 ~~extension of credit under this subtitle which is incorporated, chartered, or licensed~~
32 ~~pursuant to State or federal law, the lending operations of which are subject to supervision,~~

1 ~~examination, and regulation by a State or federal agency or which is licensed under Title~~
2 ~~12, Subtitle 4 of the Financial Institutions Article or is a retailer.~~

3 ~~(2) "Credit grantor" includes:~~

4 ~~(i) Any bank, trust company, depository institution, or savings bank~~
5 ~~having a branch in this State;~~

6 ~~(ii) Any subsidiary of a bank holding company, as defined in the~~
7 ~~federal Bank Holding Company Act of 1956, as amended, which is domiciled, doing~~
8 ~~business, and offering a revolving credit plan involving the issuance of credit devices in this~~
9 ~~State; and~~

10 ~~(iii) Any person who acquires or obtains the assignment of a revolving~~
11 ~~credit plan made under this subtitle.~~

12 ~~(G) "INTEREST" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.~~

13 ~~[(g)] (H) (1) "Loan" means a cash advance to be paid to or for the account of~~
14 ~~the borrower.~~

15 ~~(2) "Loan" includes an advance made in accordance with the terms of a~~
16 ~~shared appreciation agreement.~~

17 ~~[(h)] (I) "Mobile home" has the meaning stated in § 11-501 of the Financial~~
18 ~~Institutions Article.~~

19 ~~[(i)] (J) "Nonconsumer borrower" means any borrower other than a consumer~~
20 ~~borrower.~~

21 ~~[(j)] (K) (1) "Outstanding unpaid indebtedness" means on any day the total~~
22 ~~amount of purchases and loans charged to the borrower's account under the plan which is~~
23 ~~outstanding and unpaid at the end of the day, after adding the aggregate amount of any~~
24 ~~new purchases and loans charged to the account that day and deducting the aggregate~~
25 ~~amount of any payments and credits applied to the account that day.~~

26 ~~(2) If the agreement governing the plan permits, "outstanding unpaid~~
27 ~~indebtedness" may include the amount of any interest, finance charges, and additional~~
28 ~~charges, including late or delinquency charges, that have accrued in the account and are~~
29 ~~unpaid at the end of the day.~~

30 ~~[(k)] (L) "Purchase" means an extension of credit for a purchase of real or~~
31 ~~personal, tangible or intangible property, or an extension of credit for services, licenses,~~
32 ~~taxes, official fees, fines, private or governmental obligations, or any other thing of value,~~
33 ~~including a charitable contribution.~~

1 ~~[(l)] (M) "Residential real property" means owner-occupied real property having~~
2 ~~a dwelling on it designated principally as a residence with accommodations for not more~~
3 ~~than four families.~~

4 ~~[(m)] (N) "Revolving credit plan" or "plan" means a plan that contemplates the~~
5 ~~extension of credit under an account governed by an agreement between a credit grantor~~
6 ~~and a borrower under which:~~

7 ~~(1) The credit grantor permits the borrower and, if the agreement~~
8 ~~governing the plan permits, persons acting on behalf of or with authorization from the~~
9 ~~borrower to make purchases or obtain loans from time to time;~~

10 ~~(2) The amounts of purchases and loans are charged to the borrower's~~
11 ~~account;~~

12 ~~(3) The borrower is required to pay the credit grantor the amounts of all~~
13 ~~purchases and loans charged to the borrower's account under the plan but has the privilege~~
14 ~~of paying amounts due from time to time as agreed; and~~

15 ~~(4) Interest or finance charges may be charged and collected by the credit~~
16 ~~grantor from time to time on the amounts due under the plan.~~

17 ~~[(n)] (O) "Shared appreciation agreement" has the meaning stated in § 11-501~~
18 ~~of the Financial Institutions Article.~~

19 ~~(P) "TIP" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.~~
20 ~~12-927.~~

21 ~~(A) A LENDER WHO GIVES CONSUMERS AN OPTION TO PROVIDE THE~~
22 ~~LENDER A TIP SHALL:~~

23 ~~(1) DISCLOSE TO THE CONSUMER TO WHOM THE TIP WILL BE~~
24 ~~ALLOCATED; AND~~

25 ~~(2) SET THE DEFAULT TIP AT ZERO.~~

26 ~~(B) A LENDER MAY NOT SUGGEST THAT PROVIDING A TIP WILL INFLUENCE:~~

27 ~~(1) THE LENDER'S WILLINGNESS TO PROVIDE A LOAN TO A~~
28 ~~CONSUMER AT ANY TIME; OR~~

29 ~~(2) THE TERMS OF ANY EARNED WAGE ACCESS OFFERED TO THE~~
30 ~~CONSUMER BY THAT LENDER.~~

~~(C) A LENDER WHO RECEIVES A TIP THAT WOULD OTHERWISE CREATE A RATE OF INTEREST ABOVE THAT ALLOWED UNDER THIS SUBTITLE MAY NOT BE FOUND IN VIOLATION OF THIS SUBTITLE IF THE LENDER RETURNS ALL OF THE TIP OR THAT PORTION OF THE TIP NECESSARY TO REDUCE THE RATE OF INTEREST TO AN AMOUNT ALLOWED UNDER THIS SUBTITLE WITHIN 30 CALENDAR DAYS AFTER RECEIVING THE TIP.~~

~~(D) A LENDER SHALL PROMINENTLY DISCLOSE THAT:~~

~~(1) PROVIDING A TIP DOES NOT INFLUENCE THE LENDER'S WILLINGNESS TO PROVIDE A LOAN TO THE CONSUMER AT ANY TIME; AND~~

~~(2) ANY TIP PAID BY THE CONSUMER DOES NOT INURE TO THE DIRECT BENEFIT OF ANY SPECIFIC EMPLOYEE OF THE LENDER OR ANY OTHER INDIVIDUAL.~~

~~12-1001.~~

~~(a) In this subtitle the following words have the meanings indicated.~~

~~(b) (1) "Balloon payment" means any scheduled payment on an installment loan that is more than 2 times the average of all other payments scheduled to repay the installment loan.~~

~~(2) "Balloon payment" does not include a down payment.~~

~~(c) "Borrower" means a corporation, partnership, association, government, or governmental subdivision or agency, trust, individual, or other entity receiving a loan or other extension of credit under this subtitle.~~

~~(d) "Closed end credit" means the extension of credit by a credit grantor to a borrower under an arrangement or agreement which is not a revolving credit plan as defined in Subtitle 9 of this title.~~

~~(e) "Commercial loan" and "extension of credit for a commercial purpose" mean an extension of credit made:~~

~~(1) Solely to acquire an interest in or to carry on a business or commercial enterprise; or~~

~~(2) To any business or commercial organization.~~

~~(f) "Consumer borrower" means an individual receiving a loan or other extension of credit under this subtitle for personal, household, or family purposes or an individual receiving a commercial loan or other extension of credit for any commercial purpose not in excess of \$75,000, secured by residential real property.~~

~~(g) (1) "Credit grantor" means any individual, corporation, business trust, statutory trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal or commercial entity making a loan or other extension of credit under this subtitle which is incorporated, chartered, or licensed pursuant to State or federal law, the lending operations of which are subject to supervision, examination, and regulation by a State or federal agency or which is licensed under Title 12, Subtitle 4 of the Financial Institutions Article or is a retailer.~~

~~(2) "Credit grantor" includes:~~

~~(i) Any bank, trust company, depository institution, or savings bank having a branch in this State;~~

~~(ii) A person not required to be licensed under this subtitle, who is exempt from the licensing provisions of Title 11, Subtitle 5 of the Financial Institutions Article, who makes a loan or extension of credit under this subtitle secured by a secondary mortgage on residential real property; and~~

~~(iii) Any person who acquires or obtains the assignment of an agreement for an extension of credit made under this subtitle.~~

~~(h) "Debt cancellation agreement" means an agreement between a credit grantor and a borrower which provides for cancellation of the remaining loan balance in the event of theft or total destruction of the collateral for the loan minus the proceeds of any insurance maintained on the collateral for the loan or, if the borrower does not have insurance, the actual cash value of the collateral at the time of loss, determined as provided in the agreement.~~

~~(i) "Installment loan" means a loan repayable in scheduled periodic payments of principal and interest.~~

~~(J) "INTEREST" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.~~

~~[(j)] (K) (1) "Loan" means any single extension of closed end credit, whether repayable in installments, on demand, or otherwise and whether extended in one or more advances.~~

~~(2) "Loan" includes an advance made in accordance with the terms of a shared appreciation agreement.~~

~~[(k)] (L) "Mechanical repair contract" has the meaning stated in Title 15, Subtitle 3 of the Transportation Article.~~

~~[(l)] (M) "Mobile home" has the meaning stated in § 11-501 of the Financial Institutions Article.~~

1 ~~[(m)] (N) "Remaining loan balance", when used in reference to a debt cancellation~~
 2 ~~agreement, does not include:~~

3 ~~(1) Any delinquent or deferred payments;~~

4 ~~(2) Past due charges;~~

5 ~~(3) Late payment charges;~~

6 ~~(4) Unearned interest;~~

7 ~~(5) Unearned rental payments;~~

8 ~~(6) The portion of any financed taxes or charges, including charges for~~
 9 ~~credit life insurance, credit health insurance, credit involuntary unemployment benefit~~
 10 ~~insurance, and mechanical repair contracts, actually refunded to the borrower or credited~~
 11 ~~as a reduction to the loan balance; or~~

12 ~~(7) By agreement of the parties, the amount of any primary insurance~~
 13 ~~deductible.~~

14 ~~[(n)] (O) "Residential real property" means owner-occupied real property having~~
 15 ~~a dwelling on it designated principally as a residence with accommodations for not more~~
 16 ~~than four families.~~

17 ~~[(o)] (P) "Shared appreciation agreement" has the meaning stated in § 11-501~~
 18 ~~of the Financial Institutions Article.~~

19 ~~(Q) "TIP" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.~~

20 ~~12-1031.~~

21 ~~(A) A LENDER WHO GIVES CONSUMERS AN OPTION TO PROVIDE THE~~
 22 ~~LENDER A TIP SHALL:~~

23 ~~(1) DISCLOSE TO THE CONSUMER TO WHOM THE TIP WILL BE~~
 24 ~~ALLOCATED; AND~~

25 ~~(2) SET THE DEFAULT TIP AT ZERO.~~

26 ~~(B) A LENDER MAY NOT SUGGEST THAT PROVIDING A TIP WILL INFLUENCE:~~

27 ~~(1) THE LENDER'S WILLINGNESS TO PROVIDE A LOAN TO A~~
 28 ~~CONSUMER AT ANY TIME; OR~~

~~(2) THE TERMS OF ANY LOAN OFFERED TO THE CONSUMER BY THAT LENDER.~~

~~(C) A LENDER WHO RECEIVES A TIP THAT WOULD OTHERWISE CREATE A RATE OF INTEREST ABOVE THAT ALLOWED UNDER THIS SUBTITLE MAY NOT BE FOUND IN VIOLATION OF THIS SUBTITLE IF THE LENDER RETURNS ALL OF THE TIP OR THAT PORTION OF THE TIP NECESSARY TO REDUCE THE RATE OF INTEREST TO AN AMOUNT ALLOWED UNDER THIS SUBTITLE WITHIN 30 CALENDAR DAYS AFTER RECEIVING THE TIP.~~

~~(D) A LENDER SHALL PROMINENTLY DISCLOSE THAT:~~

~~(1) PROVIDING A TIP DOES NOT INFLUENCE THE LENDER'S WILLINGNESS TO PROVIDE A LOAN TO THE CONSUMER AT ANY TIME; AND~~

~~(2) ANY TIP PAID BY THE CONSUMER DOES NOT INURE TO THE DIRECT BENEFIT OF ANY SPECIFIC EMPLOYEE OF THE LENDER OR ANY OTHER INDIVIDUAL.~~

SUBTITLE 15. EARNED WAGE ACCESS.

12-1501.

(A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(B) "BANK" HAS THE MEANING STATED IN § 1-201 OF THIS ARTICLE.

(C) "CONSUMER REPORTING AGENCY" HAS THE MEANING STATED IN § 14-1201 OF THIS ARTICLE.

(D) "CONSUMER-DIRECTED EARNED WAGE ACCESS" MEANS DELIVERY TO A CONSUMER OF ACCESS TO UNPAID BUT EARNED WAGES:

(1) THAT IS PROVIDED TO A CONSUMER BY A THIRD PARTY WHO DOES NOT HAVE A RELATIONSHIP WITH THE CONSUMER'S EMPLOYER;

(2) THAT IS BASED ON EMPLOYMENT, INCOME, OR ATTENDANCE DATA OBTAINED DIRECTLY FROM THE CONSUMER; AND

(3) WHERE THE CONSUMER DOES NOT PAY THE PROVIDER INTEREST.

(E) "EARNED WAGE" MEANS SALARY, WAGES, COMPENSATION, OR OTHER INCOME EARNED:

1 (1) ON AN HOURLY, PROJECT-BASED, PIECEWORK, OR OTHER BASIS;
2 OR

3 (2) THROUGH SERVICES RENDERED AS AN INDEPENDENT
4 CONTRACTOR.

5 (F) “EARNED WAGE ACCESS” MEANS:

6 (1) CONSUMER-DIRECTED EARNED WAGE ACCESS; OR

7 (2) EMPLOYER-INTEGRATED EARNED WAGE ACCESS.

8 (G) “EMPLOYER-INTEGRATED EARNED WAGE ACCESS” MEANS DELIVERY
9 OF UNPAID BUT EARNED WAGES:

10 (1) THAT ARE PROVIDED TO A CONSUMER DIRECTLY BY A PERSON
11 THE EMPLOYER HAS CONTRACTED TO PROVIDE THE SERVICE;

12 (2) THAT ARE DETERMINED BASED ON EMPLOYMENT, INCOME, OR
13 ATTENDANCE DATA OBTAINED DIRECTLY OR INDIRECTLY FROM THE CONSUMER’S
14 EMPLOYER, INCLUDING A PAYROLL SERVICE PROVIDER; AND

15 (3) WHERE THE CONSUMER DOES NOT PAY THE PROVIDER INTEREST.

16 (H) (1) “FEE” MEANS:

17 (I) A FEE IMPOSED BY A PROVIDER FOR DELIVERY OR
18 EXPEDITED DELIVERY OF EARNED WAGE ACCESS TO A CONSUMER; OR

19 (II) A SUBSCRIPTION OR MEMBERSHIP FEE IMPOSED BY A
20 PROVIDER FOR A GROUP OF SERVICES THAT INCLUDES EARNED WAGE ACCESS.

21 (2) “FEE” DOES NOT INCLUDE A VOLUNTARY TIP, GRATUITY, OR
22 OTHER DONATION.

23 (I) (1) “INTEREST” HAS THE MEANING STATED IN § 12-101 OF THIS
24 TITLE.

25 (2) “INTEREST” DOES NOT INCLUDE A FEE IMPOSED BY AN EARNED
26 WAGE ACCESS PROVIDER LICENSED UNDER TITLE 11, SUBTITLE 2 OF THE
27 FINANCIAL INSTITUTIONS ARTICLE.

28 (J) (1) “LOAN” HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.

1 **(2) "LOAN" INCLUDES EARNED WAGE ACCESS, SUBJECT TO THE**
2 **PROVISIONS OF THIS SUBTITLE.**

3 **(K) "PAYROLL PERIOD" MEANS A PERIOD OF TIME DURING WHICH A**
4 **CONSUMER EARNS WAGES THAT AN EMPLOYER OWES TO THE EMPLOYEE AT THE END**
5 **OF THE PERIOD.**

6 **(L) "PROCEEDS" MEANS A PAYMENT TO A CONSUMER BY A PROVIDER THAT**
7 **IS BASED ON UNPAID BUT EARNED WAGES.**

8 **(M) (1) "PROVIDER" MEANS A PERSON WHO PROVIDES TO CONSUMERS**
9 **EITHER CONSUMER-DIRECTED EARNED WAGE ACCESS OR EMPLOYER-INTEGRATED**
10 **EARNED WAGE ACCESS.**

11 **(2) "PROVIDER" DOES NOT INCLUDE:**

12 **(I) A SERVICE PROVIDER, SUCH AS A PAYROLL SERVICE**
13 **PROVIDER, THAT MAY VERIFY THE AVAILABLE EARNINGS OF A CONSUMER BUT THAT**
14 **IS NOT CONTRACTUALLY OBLIGATED TO FUND ANY PROCEEDS DELIVERED AS PART**
15 **OF AN EARNED WAGE ACCESS SERVICE; OR**

16 **(II) AN EMPLOYER THAT OFFERS A PORTION OF SALARY,**
17 **WAGES, OR OTHER COMPENSATION DIRECTLY TO ITS EMPLOYEES OR INDEPENDENT**
18 **CONTRACTORS BEFORE A NORMALLY SCHEDULED PAY DATE FOR A PAYROLL**
19 **PERIOD.**

20 **(N) "TIP" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.**

21 **(O) "WAGES" HAS THE MEANING STATED IN § 12-101 OF THIS TITLE.**

22 **12-1502.**

23 **(A) A PERSON MAY NOT ENGAGE IN THE BUSINESS OF PROVIDING**
24 **EARNED WAGE ACCESS UNLESS THE PERSON IS LICENSED UNDER OR IS EXEMPT**
25 **FROM THE LICENSING REQUIREMENTS OF TITLE 11, SUBTITLE 2 OF THE FINANCIAL**
26 **INSTITUTIONS ARTICLE.**

27 **(B) FAILURE TO OBTAIN A CONSUMER LOAN LICENSE SHALL SUBJECT A**
28 **PROVIDER TO THE ENFORCEMENT PROVISIONS OF TITLE 11, SUBTITLE 2 OF THE**
29 **FINANCIAL INSTITUTIONS ARTICLE.**

30 **(C) AN EARNED WAGE ACCESS PROVIDER LICENSED UNDER TITLE 11,**
31 **SUBTITLE 2 OF THE FINANCIAL INSTITUTIONS ARTICLE AND SUBJECT TO THIS**
32 **SUBTITLE IS EXEMPT FROM OTHER PROVISIONS OF STATE LAW GOVERNING**

1 LENDING, CREDIT, OR DEBT, INCLUDING THE PROVISIONS OF SUBTITLE 1,
2 SUBTITLE 3, SUBTITLE 9, AND SUBTITLE 10 OF THIS TITLE.

3 (D) EARNED WAGE ACCESS SERVICES PROVIDED IN ACCORDANCE WITH
4 THIS SUBTITLE MAY NOT BE CONSIDERED:

5 (1) A MONEY TRANSMISSION; OR

6 (2) A VIOLATION OF OR NONCOMPLIANCE WITH STATE LAWS
7 GOVERNING DEDUCTIONS FROM PAYROLL, SALARY, WAGES, COMPENSATION, OR
8 OTHER INCOME OR THE PURCHASE, SALE, ASSIGNMENT, OR ORDER FOR UNPAID BUT
9 EARNED WAGES.

10 12-1503.

11 (A) A PROVIDER OF EARNED WAGE ACCESS SHALL:

12 (1) DEVELOP AND IMPLEMENT POLICIES AND PROCEDURES TO
13 RESPOND TO QUESTIONS RAISED BY CONSUMERS;

14 (2) ADDRESS COMPLAINTS FROM CONSUMERS IN AN EXPEDIENT
15 MANNER;

16 (3) WHENEVER THE PROVIDER OFFERS A CONSUMER THE OPTION TO
17 RECEIVE EARNED WAGE ACCESS SERVICES FOR A FEE OR SOLICITS AN OPTIONAL
18 TIP, GRATUITY, OR OTHER DONATION, OFFER TO THE CONSUMER AT LEAST ONE
19 REASONABLE OPTION TO OBTAIN EARNED WAGE ACCESS AT NO COST TO THE
20 CONSUMER;

21 (4) CLEARLY EXPLAIN TO A CONSUMER HOW TO ELECT A NO-COST
22 OPTION DESCRIBED IN ITEM (3) OF THIS SUBSECTION;

23 (5) BEFORE ENTERING INTO AN AGREEMENT WITH A CONSUMER FOR
24 THE PROVISION OF EARNED WAGE ACCESS SERVICES:

25 (I) INFORM THE CONSUMER OF THE CONSUMER'S RIGHTS
26 UNDER THE AGREEMENT; AND

27 (II) FULLY AND CLEARLY DISCLOSE ALL FEES ASSOCIATED
28 WITH THE EARNED WAGE ACCESS SERVICES;

29 (6) INFORM A CONSUMER OF ANY MATERIAL CHANGES TO THE TERMS
30 AND CONDITIONS OF THE EARNED WAGE ACCESS SERVICES BEFORE IMPLEMENTING
31 THOSE CHANGES FOR THAT CONSUMER;

1 **(7) ALLOW A CONSUMER TO CANCEL USE OF THE PROVIDER'S**
2 **EARNED WAGE ACCESS SERVICES AT ANY TIME WITHOUT INCURRING A**
3 **CANCELLATION FEE IMPOSED BY THE PROVIDER;**

4 **(8) COMPLY WITH ALL APPLICABLE LOCAL, STATE, AND FEDERAL**
5 **PRIVACY AND INFORMATION SECURITY LAWS;**

6 **(9) IF A PROVIDER SOLICITS, CHARGES, OR RECEIVES A TIP,**
7 **GRATUITY, OR OTHER DONATION FROM A CONSUMER:**

8 **(I) SET THE DEFAULT TIP, IF ANY, AT ZERO;**

9 **(II) CLEARLY AND CONSPICUOUSLY DISCLOSE TO THE**
10 **CONSUMER IMMEDIATELY PRIOR TO EACH TRANSACTION THAT ANY TIP PAID BY THE**
11 **CONSUMER DOES NOT INURE TO THE DIRECT BENEFIT OF ANY SPECIFIC EMPLOYEE**
12 **OF THE PROVIDER OR ANY OTHER INDIVIDUAL;**

13 **(III) CLEARLY AND CONSPICUOUSLY DISCLOSE TO THE**
14 **CONSUMER IMMEDIATELY PRIOR TO EACH TRANSACTION THAT A TIP, GRATUITY, OR**
15 **OTHER DONATION AMOUNT IS OPTIONAL AND VOLUNTARY; AND**

16 **(IV) CLEARLY AND CONSPICUOUSLY DISCLOSE IN THE**
17 **PROVIDER'S SERVICE CONTRACT WITH THE CONSUMER THAT:**

18 **1. TIPS, GRATUITIES, OR OTHER DONATIONS ARE**
19 **VOLUNTARY; AND**

20 **2. THE OFFERING OF EARNED WAGE ACCESS SERVICES,**
21 **INCLUDING THE AMOUNT OF PROCEEDS A CONSUMER IS ELIGIBLE TO REQUEST AND**
22 **THE FREQUENCY WITH WHICH PROCEEDS ARE PROVIDED TO A CONSUMER, IS NOT**
23 **CONTINGENT ON WHETHER THE CONSUMER PAYS ANY TIP, GRATUITY, OR OTHER**
24 **DONATION OR ON THE SIZE OF THE TIP, GRATUITY, OR OTHER DONATION;**

25 **(10) PROVIDE PROCEEDS TO A CONSUMER BY ANY MEANS MUTUALLY**
26 **AGREED UPON BY THE CONSUMER AND THE PROVIDER; AND**

27 **(11) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, IF**
28 **THE PROVIDER WILL SEEK REPAYMENT OF OUTSTANDING PROCEEDS OR PAYMENT**
29 **OF FEES OR OTHER AMOUNTS OWED OR INCURRED, INCLUDING VOLUNTARY TIPS,**
30 **GRATUITIES, OR OTHER DONATIONS, FROM A CONSUMER'S ACCOUNT AT A BANK IN**
31 **CONNECTION WITH EARNED WAGE ACCESS SERVICES COVERED BY THIS SUBTITLE,**
32 **INCLUDING BY MEANS OF ELECTRIC FUND TRANSFER:**

1 (I) COMPLY WITH THE FEDERAL ELECTRONIC FUND
2 TRANSFER ACT AND REGULATIONS ADOPTED TO IMPLEMENT THE ACT; AND

3 (II) REIMBURSE THE CONSUMER WITHIN 5 BUSINESS DAYS FOR
4 THE FULL AMOUNT OF ANY OVERDRAFT OR NONSUFFICIENT FUND FEES IMPOSED
5 ON A CONSUMER BY THE CONSUMER'S BANK THAT WERE CAUSED BY THE PROVIDER
6 ATTEMPTING TO SEEK REPAYMENT OF ANY OUTSTANDING PROCEEDS OR PAYMENT
7 OF FEES, TIPS, GRATUITIES, OR OTHER DONATIONS IN CONNECTION WITH EARNED
8 WAGE ACCESS SERVICES COVERED BY THIS SUBTITLE.

9 (B) SUBSECTION (A)(11) OF THIS SECTION DOES NOT APPLY TO A PROVIDER
10 SEEKING REPAYMENT OF OUTSTANDING PROCEEDS OR PAYMENT OF FEES OR
11 OTHER AMOUNTS OWED THAT WERE RECEIVED OR INCURRED BY A CONSUMER
12 THROUGH FRAUDULENT OR OTHER UNLAWFUL MEANS.

13 12-1504.

14 A PROVIDER OF EARNED WAGE ACCESS MAY NOT:

15 (1) SHARE WITH AN EMPLOYER ANY FEES, TIPS, OR OTHER CHARGES
16 RECEIVED FROM A CONSUMER FOR EARNED WAGE ACCESS;

17 (2) CONDITION A CONSUMER'S ABILITY TO OBTAIN EARNED WAGE
18 ACCESS ON THE CONSUMER'S ABILITY OR WILLINGNESS TO PAY THE PROVIDER A
19 TIP;

20 (3) CHARGE A CONSUMER A LATE FEE, INTEREST, OR OTHER
21 PENALTY FOR FAILURE TO PAY ANY PROCEEDS, FEES, OR TIPS;

22 (4) REPORT ANY INFORMATION ABOUT A CONSUMER'S FAILURE TO
23 PAY ANY PROCEEDS, FEES, OR TIPS TO ANY CONSUMER REPORTING AGENCY;

24 (5) OBTAIN A CONSUMER'S CREDIT REPORT AS A METHOD OF
25 QUALIFYING THE CONSUMER FOR EARNED WAGE ACCESS;

26 (6) RECEIVE INTEREST FROM A CONSUMER; OR

27 (7) COMPEL OR ATTEMPT TO COMPEL PAYMENT BY A CONSUMER OF
28 ANY PROCEEDS, FEES, TIPS, GRATUITIES, OR OTHER DONATIONS THROUGH:

29 (I) A CIVIL ACTION AGAINST THE CONSUMER;

30 (II) THE USE OF A THIRD PARTY TO PURSUE COLLECTION FROM
31 THE CONSUMER ON THE PROVIDER'S BEHALF; OR

1 (III) THE SALE OR ASSIGNMENT OF OUTSTANDING AMOUNTS TO
2 A THIRD-PARTY COLLECTOR OR DEBT BUYER FOR COLLECTION FROM THE
3 CONSUMER.

4 12-1505.

5 A PROVIDER OF EARNED WAGE ACCESS MAY CHARGE A FEE FOR DELIVERY OR
6 EXPEDITED DELIVERY OF EARNED WAGE ACCESS TO A CONSUMER NOT EXCEEDING:

7 (1) \$5.00 FOR ANY ADVANCE OF PROCEEDS EQUAL TO OR LESS THAN
8 \$75.00; OR

9 (2) \$7.50 FOR ANY ADVANCE OF PROCEEDS GREATER THAN \$75.00.

10 12-1506.

11 ON OR BEFORE JULY 1 EACH YEAR, BEGINNING IN 2026, A PROVIDER OF
12 EARNED WAGE ACCESS SHALL SUBMIT A REPORT TO THE OFFICE OF FINANCIAL
13 REGULATION THAT INCLUDES ANY INFORMATION CONSIDERED NECESSARY BY THE
14 COMMISSIONER, AS PRESCRIBED BY REGULATION, TO ASSESS THE SIZE AND STATUS
15 OF THE EARNED WAGE ACCESS MARKET IN THE STATE.

16 12-1507.

17 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
18 SUBTITLE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.