
SUBSTITUTE HOUSE BILL 1063

State of Washington

69th Legislature

2025 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Reeves, McClintock, Walen, Connors, Ryu, Corry, Reed, and Gregerson)

READ FIRST TIME 02/18/25.

1 AN ACT Relating to establishing a new chapter for the licensing
2 and regulation of businesses providing earned wage access services;
3 adding a new chapter to Title 31 RCW; and prescribing penalties.

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

5 NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this
6 section apply throughout this chapter unless the context clearly
7 requires otherwise.

8 (1) "Consumer" means any individual who resides in this state. A
9 provider may use the mailing address or state of residence provided
10 by a consumer to determine the consumer's state of residence for
11 purposes of this chapter.

12 (2) "Consumer-directed wage access services" means offering or
13 providing an advance of projected income directly to consumers based
14 on the consumer's representations and the provider's reasonable
15 determination of the consumer's projected income.

16 (3) "Consumer price index" means, for any calendar year, that
17 year's annual average consumer price index, for Washington state, for
18 wage earners and clerical workers, all items, compiled by the bureau
19 of labor and statistics, United States department of labor.

20 (4) "Department" means the department of financial institutions
21 as established under chapter 43.320 RCW.

1 (5) "Director" means the director of the department of financial
2 institutions.

3 (6) "Earned but unpaid income" means salary, wages, compensation,
4 or other income that an employer has represented, and that a provider
5 has reasonably determined, has been earned or has accrued to the
6 benefit of the consumer in exchange for the consumer's provision of
7 services to the employer or on behalf of the employer, including on
8 an hourly, project-based, piecework, or other basis and including
9 where the consumer is acting as an independent contractor of the
10 employer, but has not, at the time of the payment of proceeds, been
11 paid to the consumer by the employer.

12 (7) "Earned wage access services" means the business of providing
13 either consumer-directed wage access services, employer-integrated
14 wage access services, or both.

15 (8) "Employer" means:

16 (a) A person who employs a consumer;

17 (b) Any other person who is contractually obligated to pay a
18 consumer earned but unpaid income in exchange for a consumer's
19 provision of services to the employer or on behalf of the employer,
20 including on an hourly, project-based, piecework, or other basis and
21 including where the consumer is acting as an independent contractor
22 with respect to the employer. "Employer" does not mean a customer of
23 an employer or any other person whose obligation to make a payment of
24 salary, wages, compensation, or other income to a consumer is not
25 based on the provision of services by that consumer for or on behalf
26 of such person; or

27 (c) A local, state, or federal government entity.

28 (9) "Employer-integrated wage access services" means the business
29 of delivering to consumers access to earned but unpaid income that is
30 based on employment, income, or attendance data obtained directly or
31 indirectly from an employer.

32 (10) "Fee" includes:

33 (a) A fee imposed by a provider for delivery or expedited
34 delivery of proceeds to a consumer; or

35 (b) An amount paid by an employer to a provider on a consumer's
36 behalf, which entitles the consumer to receive proceeds at a reduced
37 fee or no cost to the consumer.

38 (11) "License" means a license issued under the authority of this
39 chapter.

1 (12) "Licensee" means a person to whom one or more licenses have
2 been issued.

3 (13) "Nationwide mortgage licensing system" means a licensing
4 system developed and maintained by the conference of state bank
5 supervisors for licensing and registration.

6 (14) "Officer" means an official appointed by an earned wage
7 access services company for the purpose of making business decisions
8 or corporate decisions for the earned wage access services company.

9 (15) "Outstanding proceeds" means a payment of proceeds to a
10 consumer by a provider that has not yet been repaid to that provider.

11 (16) "Person" means an individual, partnership, association,
12 limited liability company, limited liability partnership, trust,
13 corporation, and any other legal entity.

14 (17) "Principal" means any person who controls, directly or
15 indirectly through one or more intermediaries, alone or in concert
16 with others, a 10 percent or greater interest in a partnership,
17 company, association, corporation, or a limited liability company,
18 and is the owner of a sole proprietorship.

19 (18) "Proceeds" means a payment to a consumer by a provider that
20 is based on earned but unpaid income or on the consumer's
21 representation of the consumer's projected income.

22 (19) "Provider" means:

23 (a) A person who is in the business of offering and providing
24 earned wage access services to consumers.

25 (b) "Provider" does not include any of the following:

26 (i) A service provider, such as a payroll service provider, whose
27 role may include verifying the available earnings, but who is not
28 contractually obligated to fund proceeds delivered as part of an
29 earned wage access service; or

30 (ii) An employer that offers a portion of salary, wages, or
31 compensation directly to its employees or independent contractors
32 before the normally scheduled pay date.

33 NEW SECTION. **Sec. 2.** APPLICATION OF CHAPTER. (1) All offers and
34 provisions of earned wage access services to a consumer by a
35 provider, or persons subject to this chapter, are subject to the
36 authority and restrictions of this chapter.

37 (2) This chapter does not apply to any person doing business
38 under, and as permitted by, any law of this state or of the United

1 States relating to banks, savings banks, trust companies, savings and
2 loan or building and loan associations, or credit unions.

3 NEW SECTION. **Sec. 3.** LICENSE REQUIRED. Beginning July 1, 2026,
4 no person may offer or provide earned wage access services in this
5 state without first obtaining and maintaining a license in accordance
6 with this chapter, except those exempt under section 2 of this act.

7 NEW SECTION. **Sec. 4.** LICENSE—APPLICATION—BACKGROUND CHECKS—
8 FEE—SURETY BOND. (1) A person subject to this chapter shall apply for
9 a license required under this chapter by submitting an application to
10 the nationwide mortgage licensing system and registry or in the form
11 prescribed by the director. The application must contain at least the
12 following information:

- 13 (a) The name and the business addresses of the applicant;
- 14 (b) If the applicant is a partnership, limited liability company,
15 or association, the name of every member;
- 16 (c) If the applicant is a corporation, the name, residence
17 address, and telephone number of each officer and director;
- 18 (d) The street address, county, and municipality from which
19 business is to be conducted or a statement that the business is to be
20 conducted entirely online; and
- 21 (e) Other information that the director may require by rule.

22 (2)(a) As part of or in connection with an application for any
23 license under this section, or periodically upon license renewal,
24 each officer, director, and principal applicant must furnish
25 identifying information, including:

- 26 (i) Fingerprints for submission to the Washington state patrol,
27 the federal bureau of investigation, or any governmental agency or
28 entity authorized to receive this information for a state and
29 national criminal history background check;
- 30 (ii) Personal history;
- 31 (iii) Experience;
- 32 (iv) Business record;
- 33 (v) Purposes; and
- 34 (vi) Other pertinent facts, as the director may reasonably
35 require.

36 (b) As part of or in connection with an application for a license
37 under this chapter, or periodically upon license renewal, the
38 director may receive criminal history record information that

1 includes nonconviction data as defined in RCW 10.97.030. The
2 department may only disseminate nonconviction data obtained under
3 this section to criminal justice agencies.

4 (3) At the time of filing an application for a license under this
5 chapter, each applicant shall pay to the director or through the
6 nationwide mortgage licensing system and registry an investigation
7 fee and the license fee.

8 (4) Each applicant must file and maintain a surety bond, approved
9 by the director, executed by the applicant as obligor and by a surety
10 company authorized to do a surety business in this state as surety,
11 whose liability as such surety must not exceed in the aggregate the
12 penal sum of the bond. The penal sum of the bond must be a minimum of
13 \$30,000. The bond must run to the state of Washington as obligee for
14 the use and benefit of the state and of any person or persons who may
15 have a cause of action against the obligor under this chapter. The
16 bond must be conditioned that the obligor as licensee will faithfully
17 conform to and abide by this chapter and all the rules adopted under
18 this chapter. The bond must pay to the state and any person or
19 persons having a cause of action against the obligor all moneys that
20 may become due and owing to the state and those persons under this
21 chapter. The bond must be continuous and may be canceled by the
22 surety upon the surety giving written notice to the director of its
23 intent to cancel the bond. The cancellation applies 45 days after the
24 notice is received by the director. Instead of a surety bond, if the
25 applicant is a Washington business corporation, the applicant may
26 maintain unimpaired capital, surplus, and long-term subordinated debt
27 in an amount that at any time its outstanding promissory notes or
28 other evidences of debt, other than long-term subordinated debt, in
29 an aggregate sum do not exceed three times the aggregate amount of
30 its unimpaired capital, surplus, and long-term subordinated debt. The
31 director may define qualifying "long-term subordinated debt" for
32 purposes of this section.

33 (5) The director may waive one or more requirements of this
34 section or permit an applicant to submit other information instead of
35 the required information.

36 NEW SECTION. **Sec. 5.** LICENSE—DIRECTOR'S DUTIES. (1) The
37 director shall issue and deliver a license to the applicant to offer
38 and provide earned wage access services in accordance with this
39 chapter if, after investigation, the director finds that:

1 (a) The applicant has paid all required fees;

2 (b) The applicant has submitted a complete application in
3 compliance with section 4 of this act;

4 (c) Neither the applicant nor its officers or principals have had
5 a license issued under this section or any other section, in this
6 state or another state, revoked or suspended within the last five
7 years of the date of filing of the application;

8 (d) Neither the applicant nor any of its officers or principals
9 have been convicted of a gross misdemeanor involving dishonesty or
10 financial misconduct or a felony or a violation of the banking laws
11 of this state or of the United States within seven years of the
12 filing of an application; and

13 (e) The financial responsibility, experience, character, and
14 general fitness of the applicant are such as to command the
15 confidence of the community and to warrant a belief that the business
16 will be operated honestly, fairly, and efficiently within the
17 purposes of this chapter.

18 (2) If the director does not find the conditions of subsection
19 (1) of this section have been met, the director may not issue the
20 license. The director shall notify the applicant of the denial and
21 return to the applicant the bond posted and the sum paid by the
22 applicant as a license fee, retaining the investigation fee to cover
23 the costs of investigating the application. The director shall
24 approve or deny every application for license under this chapter
25 within 90 days from the filing of a complete application with the
26 fees and the approved bond.

27 NEW SECTION. **Sec. 6.** LICENSE—INFORMATION CONTAINED. (1) The
28 license must display the following information:

29 (a) The address at which the business is to be conducted or
30 whether the business is to be conducted entirely online;

31 (b) The full name of the licensee, and, if the licensee is a
32 copartnership or association, the names of its members; and

33 (c) If the licensee is a corporation, the date and place of its
34 incorporation.

35 (2) The license is not transferable or assignable.

36 NEW SECTION. **Sec. 7.** LICENSEE—ASSESSMENT—BOND TIME—TIME OF
37 PAYMENT. A licensee shall, for each license held, on or before the
38 first day of each March, pay to the director an annual assessment as

1 determined by rule by the director. The licensee is responsible for
2 payment of the annual assessment for the previous calendar year if
3 the licensee had a license for any time during the preceding calendar
4 year, regardless of whether they surrendered their license during the
5 calendar year or whether their license was suspended or revoked. At
6 the same time, the licensee shall file with the director the required
7 bond or otherwise demonstrate compliance with section 4 of this act.

8 NEW SECTION. **Sec. 8.** LICENSING—APPLICATIONS—REGULATION OF
9 LICENSEES—DIRECTOR'S DUTIES AND AUTHORITY—FINES—ORDERS—STATUTE OF
10 LIMITATIONS. (1) The director shall enforce all laws and rules
11 relating to the licensing and regulation of licensees and persons
12 subject to this chapter.

13 (2) The director may deny applications for licenses for:

14 (a) Failure of the applicant to demonstrate within its
15 application for a license that it meets the requirements for
16 licensing in sections 4 and 5 of this act;

17 (b) Violation of an order issued by the director under this
18 chapter or another chapter administered by the director including,
19 but not limited to, cease and desist orders and temporary cease and
20 desist orders;

21 (c) Revocation or suspension of a license to offer or provide
22 earned wage access services by this state, another state, or by the
23 federal government within five years of the date of submittal of a
24 complete application for a license; or

25 (d) Filing an incomplete application when that incomplete
26 application has been filed with the department for 60 or more days,
27 provided that the director has given notice to the licensee that the
28 application is incomplete, informed the applicant why the application
29 is incomplete, and allowed at least 20 days for the applicant to
30 complete the application.

31 (3) The director may condition, suspend, or revoke a license
32 issued under this chapter if the director finds that:

33 (a) The licensee has failed to pay any fee due to the state of
34 Washington, has failed to maintain in effect the bond or permitted
35 substitute required under this chapter, or has failed to comply with
36 any specific order or demand of the director lawfully made and
37 directed to the licensee in accordance with this chapter;

1 (b) The licensee, either knowingly or without the exercise of due
2 care, has violated any provision of this chapter or any rule adopted
3 under this chapter;

4 (c) A fact or condition exists that, if it had existed at the
5 time of the original application for the license, clearly would have
6 allowed the director to deny the application for the original
7 license; or

8 (d) The licensee failed to comply with any directive, order, or
9 subpoena issued by the director under this chapter.

10 (4) The director may condition, revoke, or suspend the license
11 with respect to which grounds for conditioning, revocation, or
12 suspension may occur or exist.

13 (5) The director may impose fines of up to \$100 per day, per
14 violation, upon the licensee or other person subject to this chapter
15 for:

16 (a) Any violation of this chapter; or

17 (b) Failure to comply with any directive, order, or subpoena
18 issued by the director under this chapter.

19 (6) The director may issue an order directing the licensee or
20 other person subject to this chapter to:

21 (a) Cease and desist from conducting business in a manner that is
22 injurious to the public or violates any provision of this chapter;

23 (b) Take such affirmative action as is necessary to comply with
24 this chapter;

25 (c) Make a refund or restitution to a consumer who is damaged as
26 a result of a violation of this chapter; or

27 (d) Refund all fees received through any violation of this
28 chapter.

29 (7) The director may issue an order removing from office or
30 prohibiting from participation in the affairs of any licensee, or
31 both, any officer, principal, or any person subject to this chapter
32 for:

33 (a) False statements or omission of material information from an
34 application for a license that, if known, would have allowed the
35 director to deny the original application for a license;

36 (b) Conviction of a gross misdemeanor involving dishonesty or
37 financial misconduct or a felony;

38 (c) Suspension or revocation of a license to offer or provide
39 earned wage access services in this state or another state;

1 (d) Failure to comply with any order or subpoena issued under
2 this chapter; or

3 (e) Failure to obtain a license for activity that requires a
4 license.

5 (8) Except to the extent prohibited by another statute, the
6 director may engage in informal settlement of complaints or
7 enforcement actions including, but not limited to, payment to the
8 department for purposes of financial literacy and education programs
9 authorized under RCW 43.320.150. If any person subject to this
10 chapter makes a payment to the department under this section, the
11 person may not advertise such payment.

12 (9) Whenever the director determines that the public is likely to
13 be substantially injured by delay in issuing a cease and desist
14 order, the director may immediately issue a temporary cease and
15 desist order. The order may direct the licensee to discontinue any
16 violation of this chapter, to take such affirmative action as is
17 necessary to comply with this chapter, and may include a summary
18 suspension of the licensee's license and may order the licensee to
19 immediately cease the conduct of business under this chapter. The
20 order becomes effective at the time specified in the order. Every
21 temporary cease and desist order must include a provision that a
22 hearing must be held upon request to determine whether the order will
23 become permanent. Such hearing must be held within 14 days of receipt
24 of a request for a hearing unless otherwise specified in chapter
25 34.05 RCW.

26 (10) A licensee may surrender a license by delivering to the
27 director written notice of surrender, but the surrender does not
28 affect the licensee's civil or criminal liability, if any, for acts
29 committed before the surrender, including any administrative action
30 initiated by the director to suspend or revoke a license, impose
31 fines, compel the payment of restitution to borrowers or other
32 persons, or exercise any other authority under this chapter. The
33 statute of limitations on actions not subject to RCW 4.16.160 that
34 are brought under this chapter by the director is five years.

35 (11) The revocation, suspension, or surrender of a license does
36 not impair or affect the obligation of a preexisting lawful contract
37 between the licensee and a consumer.

38 (12) Every license issued under this chapter remains in force and
39 effect until it has been surrendered, revoked, or suspended in
40 accordance with this chapter. However, the director may reinstate

1 suspended licenses or issue new licenses to a licensee whose license
2 or licenses have been revoked if the director finds that the licensee
3 meets all the requirements of this chapter.

4 (13) A license issued under this chapter expires upon the
5 licensee's failure to comply with the annual assessment requirements
6 in section 7 of this act. The department must provide notice of the
7 expiration to the address of record provided by the licensee. On the
8 15th day after the department provides notice, if the assessment
9 remains unpaid, the license expires. The licensee must receive notice
10 before expiration and have the opportunity to stop the expiration as
11 set forth in rule.

12 NEW SECTION. **Sec. 9.** LICENSEE'S OBLIGATIONS. A person required
13 to be licensed under this chapter shall comply with the following
14 requirements:

15 (1) Develop and implement policies and procedures to respond to
16 questions raised by consumers and address complaints from consumers
17 in an expedient manner;

18 (2) Whenever a provider offers a consumer the option to receive
19 proceeds for a fee, offer that consumer at least one reasonable
20 option to obtain proceeds at no cost and clearly explain how to elect
21 that no-cost option;

22 (3) Before entering into an agreement with a consumer for the
23 provision of earned wage access services, do both of the following:

24 (a) Inform the consumer of their rights under the agreement; and

25 (b) Fully and clearly disclose all fees associated with the
26 earned wage access services;

27 (4) Inform the consumer of any material changes to the terms and
28 conditions of the earned wage access services before implementing
29 those changes for that consumer;

30 (5) Allow the consumer to cancel use of the licensee's earned
31 wage access services at any time, without incurring a cancellation
32 fee imposed by the licensee;

33 (6) Comply with all applicable local, state, and federal privacy
34 and information security laws;

35 (7) If a licensee solicits, charges, or receives a tip, gratuity,
36 or other donation from a consumer, the licensee shall do both of the
37 following:

1 (a) Clearly and conspicuously disclose to the consumer
2 immediately before each transaction that a tip, gratuity, or other
3 donation amount may be zero and is voluntary; and

4 (b) Clearly and conspicuously disclose in its service contract
5 with the consumer and elsewhere that tips, gratuities, or donations
6 are voluntary and that the offering of earned wage access services,
7 including the amount of proceeds a consumer is eligible to request
8 and the frequency with which proceeds are provided to a consumer, is
9 not contingent on whether the consumer pays any tip, gratuity, or
10 other donation or on the size of the tip, gratuity, or other
11 donation; and

12 (8) Provide proceeds to a consumer by any means mutually agreed
13 upon by the consumer and the licensee.

14 NEW SECTION. **Sec. 10.** PROHIBITED ACTS BY LICENSEES. A person
15 required to be licensed under this chapter may not do any of the
16 following:

17 (1) Share with an employer a portion of any fees, voluntary tips,
18 gratuities, or other donations that were received from or charged to
19 a consumer for earned wage access services;

20 (2) Require a consumer's credit report or a credit score provided
21 or issued by a consumer reporting agency to determine a consumer's
22 eligibility for earned wage access services;

23 (3) Accept payment of outstanding proceeds, fees, voluntary tips,
24 gratuities, or other donations from a consumer by means of a credit
25 card or charge card;

26 (4) Charge a fee for delivery or expedited delivery in excess of
27 the per earned wage access services transaction fee cap;

28 (5) Charge a late fee, deferral fee, interest, or any other
29 penalty or charge for failure to pay outstanding proceeds, fees,
30 voluntary tips, gratuities, or other donations;

31 (6) Report to a consumer reporting agency or debt collector any
32 information about the consumer regarding the inability of the
33 provider to be repaid outstanding proceeds, fees, voluntary tips,
34 gratuities, or other donations;

35 (7)(a) Compel or attempt to compel payment by a consumer of
36 outstanding proceeds, fees, voluntary tips, gratuities, or other
37 donations to the provider through any of the following means:

38 (i) Use of unsolicited outbound telephone calls;

1 (ii) A suit against the consumer in a court of competent
2 jurisdiction;

3 (iii) Use of a third party to pursue collection from the consumer
4 on the provider's behalf; or

5 (iv) Sale of outstanding amounts to a third-party collector or
6 debt buyer for collection from the consumer.

7 (b) This subsection (7) does not preclude the use by a licensee
8 of any of the foregoing methods to compel payment of outstanding
9 amounts or fees incurred by a consumer through fraudulent or other
10 unlawful means, nor does this subsection preclude a licensee from
11 pursuing an employer for breach of its contractual obligations to the
12 licensee;

13 (8) If the provider solicits, charges, or receives tips,
14 gratuities, or other donations from a consumer, do any of the
15 following:

16 (a) Make the option to add a tip, gratuity, or donation an
17 automatic or default option for receiving proceeds or set a minimum
18 amount for a tip, gratuity, or donation;

19 (b) Mislead or deceive consumers about the voluntary nature of
20 the tips, gratuities, or donations;

21 (c) Make representations that tips, gratuities, or other
22 donations will benefit any specific individuals; or

23 (d) Present such voluntary payments as a default option to the
24 consumer; or

25 (9) Charge a consumer a subscription or membership fee to access
26 earned wage access services.

27 NEW SECTION. **Sec. 11.** FEE CAP. A person required to be licensed
28 under this chapter may not charge a fee in excess of \$5.00 per
29 transaction for delivery or expedited delivery of proceeds. The
30 department shall adjust this cap for inflation by every five years
31 based upon changes in the consumer price index during that time
32 period.

33 NEW SECTION. **Sec. 12.** VIOLATIONS. It is a violation of this
34 chapter for a licensee, its officers, board members, or any other
35 person subject to this chapter to:

36 (1) Directly or indirectly employ any scheme, device, or artifice
37 to defraud or mislead any consumer;

1 (2) Directly or indirectly engage in any unfair or deceptive
2 practice toward any consumer;

3 (3) Make, in any manner, any false or deceptive statement or
4 representation with regard to the earned wage access services offered
5 and provided by the licensee;

6 (4) Negligently make any false statement or knowingly and
7 willfully make any omission of material fact in connection with any
8 reports filed with the department by a licensee or in connection with
9 any investigation conducted by the department; or

10 (5) Violate any applicable state or federal law relating to the
11 activities governed by this chapter.

12 NEW SECTION. **Sec. 13.** ADVERTISEMENTS OR PROMOTIONS. A licensee
13 may not advertise, print, display, publish, distribute, or broadcast
14 or cause or permit to be advertised, printed, displayed, published,
15 distributed, or broadcast, in any manner whatsoever, any statement or
16 representation with regard to the terms and conditions of earned wage
17 access services that is false, misleading, or deceptive.

18 NEW SECTION. **Sec. 14.** SUBPOENA AUTHORITY—APPLICATION—CONTENTS
19 —NOTICE—FEES. (1) The director or authorized assistants may apply
20 for and obtain a superior court order approving and authorizing a
21 subpoena in advance of its issuance. The application may be made in
22 the county where the subpoenaed person resides or is found, or the
23 county where the subpoenaed documents, records, or evidence are
24 located, or in Thurston county. The application must:

25 (a) State that an order is sought under this section;

26 (b) Adequately specify the documents, records, evidence, or
27 testimony; and

28 (c) Include a declaration made under oath that an investigation
29 is being conducted for a lawfully authorized purpose related to an
30 investigation within the department's authority and that the
31 subpoenaed documents, records, evidence, or testimony are reasonably
32 related to an investigation within the department's authority.

33 (2) When an application under this section is made to the
34 satisfaction of the court, the court must issue an order approving
35 the subpoena. An order under this subsection constitutes authority of
36 law for the agency to subpoena the documents, records, evidence, or
37 testimony.

1 (3) The director or authorized assistants may seek approval and a
2 court may issue an order under this section without prior notice to
3 any person, including the person to whom the subpoena is directed and
4 the person who is the subject of an investigation. An application for
5 court approval is subject to the fee and process set forth in RCW
6 36.18.012(3).

7 NEW SECTION. **Sec. 15.** INVESTIGATIONS AND EXAMINATIONS—
8 DIRECTOR'S DUTIES AND POWERS—PRODUCTION OF INFORMATION—COSTS. (1)
9 For the purpose of discovering violations of this chapter or securing
10 information lawfully required under this chapter, the director may at
11 any time, either personally or by designees, investigate or examine
12 the business and, wherever located, the books, accounts, records,
13 papers, documents, files, and other information used in the business
14 of every licensee and of every person subject to this chapter,
15 whether the person acts or claims to act as principal or agent, or
16 under or without the authority of this chapter. The director or
17 designated representative:

18 (a) Must have free access to the employees, offices, and places
19 of business, books, accounts, papers, documents, other information,
20 records, files, safes, and vaults of all such persons during normal
21 business hours;

22 (b) May require the attendance of and examine under oath all
23 persons whose testimony may be required about the business or the
24 subject matter of any investigation, examination, or hearing and may
25 require such persons to produce books, accounts, papers, records,
26 files, and any other information the director or designated persons
27 deem relevant to the inquiry;

28 (c) May require by directive, subpoena, or any other lawful means
29 the production of original books, accounts, papers, records, files,
30 and other information; may require that such original books,
31 accounts, papers, records, files, and other information be copied; or
32 may make copies of such original books, accounts, papers, records,
33 files, or other information; and

34 (d) May issue a subpoena or subpoena duces tecum requiring
35 attendance by any person identified in this section or compelling
36 production of any books, accounts, papers, records, files, or other
37 documents or information identified in this section.

1 (2) The director must make such periodic examinations of the
2 affairs, business, office, and records of each licensee as determined
3 by rule.

4 (3) Every licensee examined or investigated by the director or
5 the director's designee must pay to the director the cost of the
6 examination or investigation of each licensed place of business as
7 determined by rule by the director.

8 (4) In order to carry out the purposes of this section, the
9 director may:

10 (a) Retain attorneys, accountants, or other professionals and
11 specialists as examiners, auditors, or investigators to conduct or
12 assist in the conduct of examinations or investigations;

13 (b) Enter into agreements or relationships with other government
14 officials or regulatory associations in order to improve efficiencies
15 and reduce regulatory burden by sharing resources, standardized or
16 uniform methods or procedures, and documents, records, information,
17 or evidence obtained under this section;

18 (c) Use, hire, contract, or employ public or privately available
19 analytical systems, methods, or software to examine or investigate
20 the licensee;

21 (d) Accept and rely on examination or investigation reports made
22 by other government officials, within or without this state;

23 (e) Accept audit reports made by an independent certified public
24 accountant for the licensee in the course of that part of the
25 examination covering the same general subject matter as the audit and
26 may incorporate the audit report in the report of the examination,
27 report of investigation, or other writing of the director; or

28 (f) Assess the licensee the cost of the services in (a) of this
29 subsection.

30 NEW SECTION. **Sec. 16.** LICENSEE—RECORDKEEPING—DIRECTOR'S ACCESS
31 —REPORT REQUIREMENT—FAILURE TO REPORT. (1) The licensee shall keep
32 and use in the business such books, accounts, records, papers,
33 documents, files, and other information as will enable the director
34 to determine whether the licensee is complying with this chapter and
35 with the rules adopted by the director under this chapter. The
36 director shall have free access to such books, accounts, records,
37 papers, documents, files, and other information wherever located.
38 Every licensee shall preserve the books, accounts, records, papers,
39 documents, files, and other information relevant to an earned wage

1 access services transaction for at least three years. A licensee or
2 person subject to examination or investigation under this chapter may
3 not withhold, abstract, remove, mutilate, destroy, or secrete any
4 books, accounts, records, papers, documents, files, or other
5 information.

6 (2) Each licensee shall, on or before the first day of July of
7 each year, file a report with the director giving relevant
8 information concerning the earned wage access services business and
9 operations of each licensee during the preceding calendar year,
10 including all of the following information:

11 (a) Gross revenue attributable to those earned wage access
12 services;

13 (b) The total number of transactions in which the licensee
14 provided proceeds to consumers;

15 (c) The total number of unique consumers to whom the licensee
16 provided proceeds;

17 (d) The total dollar amount of proceeds the licensee provided to
18 consumers;

19 (e) The total dollar amount of fees, voluntary tips, gratuities,
20 or other donations the licensee received from consumers;

21 (f) The total number of transactions in which the proceeds were
22 provided to consumers for which the provider did not receive
23 repayment of any outstanding proceeds;

24 (g) The total dollar amount of transactions described under (f)
25 of this subsection;

26 (h) The total number of transactions in which proceeds were
27 provided to consumers for which the licensee received partial
28 repayment of outstanding proceeds;

29 (i) The total dollar amount of transactions described under (h)
30 of this subsection and the total dollar amount of unpaid outstanding
31 proceeds attributable to those transactions;

32 (j) The total number of transactions in which outstanding
33 proceeds were repaid after the original scheduled repayment date; and

34 (k) The total dollar amount of transactions described under (j)
35 of this subsection.

36 (3) The report must be made under oath and must be in the form
37 prescribed by the director, who shall make and publish annually an
38 analysis and recapitulation of the reports. Every licensee that fails
39 to file the report required by this chapter within the time required
40 under this chapter is subject to a penalty of \$50 per day for each

1 day's delay. The attorney general may bring a civil action in the
2 name of the state for recovery of any such penalty.

3 NEW SECTION. **Sec. 17.** FEES ESTABLISHED BY THE DIRECTOR. (1) The
4 director shall establish fees by rule sufficient to cover the costs
5 of administering this chapter.

6 (2) All moneys, fees, and penalties collected under this chapter
7 must be deposited into the financial services regulation fund created
8 in RCW 43.320.110.

9 (3) The director or the director's designee may waive all or a
10 portion of the fees and assessments required under this chapter.

11 NEW SECTION. **Sec. 18.** DIRECTOR—BROAD ADMINISTRATIVE DISCRETION
12 —RULE MAKING—ACTIONS IN SUPERIOR COURT. (1) The director has the
13 power, and broad administrative discretion, to administer and
14 interpret this chapter to facilitate the delivery of earned wage
15 access services to the citizens of this state by persons subject to
16 this chapter. The director shall adopt all rules necessary to
17 administer this chapter and to ensure complete and full disclosure by
18 licensees of earned wage access services transactions governed by
19 this chapter.

20 (2) If it appears to the director that a licensee is conducting
21 business in an injurious manner or is violating any provision of this
22 chapter, the director may order or direct the discontinuance of any
23 such injurious or illegal practice.

24 (3) The director or designated persons, with or without prior
25 administrative action, may bring an action in superior court to
26 enjoin the acts or practices that constitute violations of this
27 chapter and to enforce compliance with this chapter or any rule or
28 order made under this chapter. Upon proper showing, injunctive relief
29 or a temporary restraining order must be granted. The director shall
30 not be required to post a bond in any court proceedings.

31 (4) For purposes of this section, "conducting business in an
32 injurious manner" means conducting business in a manner that violates
33 any provision of this chapter or that creates the reasonable
34 likelihood of a violation of any provision of this chapter.

35 NEW SECTION. **Sec. 19.** VIOLATION—NO PENALTY PRESCRIBED—GROSS
36 MISDEMEANOR—GOOD FAITH EXCEPTION. (1) A person who violates, or

1 knowingly aids or abets in the violation of any provision of this
2 chapter, for which no penalty has been prescribed, and a person who
3 fails to perform any act that is the person's duty to perform under
4 this chapter and for which no penalty has been prescribed for failure
5 to do so, is guilty of a gross misdemeanor.

6 (2) A provision imposing civil penalties or criminal liability
7 under this chapter or rule adopted under this chapter does not apply
8 to an act taken or omission made in good faith in conformity with a
9 written notice, interpretation, or examination report of the director
10 or the director's agent.

11 NEW SECTION. **Sec. 20.** APPLICABILITY. (1) Notwithstanding any
12 other provision of law, earned wage access services offered and
13 provided by a licensee in accordance with this chapter may not be
14 considered to be any of the following:

15 (a) A violation of or noncompliance with any law of this state
16 governing deductions from wages or the purchase, sale or assignment
17 of, or an order for, earned but unpaid income or projected income;

18 (b) A loan or other form of credit or debt, nor shall the
19 provider be considered a creditor, credit grantor, credit service
20 business, debt collector, or lender with respect thereto; or

21 (c) Money transmission, nor shall the provider be considered a
22 money transmitter for purposes of any law of this state.

23 (2) Notwithstanding any other provision of law, fees, voluntary
24 tips, gratuities, or other donations paid by a consumer to a licensee
25 in accordance with this chapter shall not be considered interest or
26 finance charges. If there is a conflict between the provisions of
27 this chapter and any other statute, the provisions of this chapter
28 control.

29 (3) If a licensee providing earned wage access services begins to
30 engage in activities separate from earned wage access services that
31 would be considered lending, money transmission, credit services,
32 debt collecting, or other financial services, the licensee is subject
33 to the laws governing those activities.

34 NEW SECTION. **Sec. 21.** CHILD SUPPORT ORDERS. If the licensee is
35 an individual, the department shall immediately suspend the license
36 of a person who has been certified pursuant to RCW 74.20A.320 by the
37 department of social and health services as a person who is not in
38 compliance with a support order. If the person has continued to meet

1 all other requirements for reinstatement during the suspension,
2 reissuance of the license is automatic upon the department's receipt
3 of a release issued by the department of social and health services
4 stating that the licensee is in compliance with the order.

5 NEW SECTION. **Sec. 22.** APPLICATION OF ADMINISTRATIVE PROCEDURE
6 ACT. The proceedings for denying license applications, issuing cease
7 and desist orders, suspending or revoking licenses, and imposing
8 civil penalties or other remedies under this chapter, and any review
9 or appeal of such action, are governed by the provisions of the
10 administrative procedure act, chapter 34.05 RCW.

11 NEW SECTION. **Sec. 23.** ENFORCEMENT OF CHAPTER—DIRECTOR'S
12 DISCRETION—HEARING—SANCTIONS—RECOVERY OF COSTS. (1) The director or
13 designated persons may, at their discretion, take such action as
14 provided for in this chapter to enforce this chapter. If the person
15 subject to such action does not appear in person or by counsel at the
16 time and place designated for any administrative hearing that may be
17 held on the action, then the person is deemed to consent to the
18 action. If the person subject to the action consents, or if after
19 hearing the director finds by a preponderance of the evidence that
20 any grounds for sanctions under this chapter exist, then the director
21 may impose any sanction authorized by this chapter.

22 (2) The director may recover the state's costs and expenses for
23 prosecuting violations of this chapter including staff time spent
24 preparing for and attending administrative hearings and reasonable
25 attorneys' fees unless, after a hearing, the director determines no
26 violation occurred.

27 NEW SECTION. **Sec. 24.** SHORT TITLE. This chapter may be known
28 and cited as the Washington state earned wage access services act.

29 NEW SECTION. **Sec. 25.** Sections 1 through 24 of this act
30 constitute a new chapter in Title 31 RCW.

--- END ---