



Legal Services Advocacy Project

March 14, 2025

The Honorable Matt Klein, Chair
Commerce & Consumer Protection Comm.
Minnesota Senate
2105 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Gary Dahms, Ranking Minority Member
Commerce & Consumer Protection Comm.
Minnesota Senate
2219 Minnesota Senate Building
St. Paul, MN 55155

Re: SF 2216, Article 4, Sections 1 – 9 (Earned Wage Access Regulation)

Dear Chair Klein, Ranking Minority Leader Dahms, and Members of the Committee:

The Legal Services Advocacy Project (LSAP) writes in strong support of SF 2216, Article 4, Section 1 – 9, the Department of Commerce Budget and Policy Bill sections that would properly regulate earned wage access products as payday loans. LSAP is a statewide division of Mid-Minnesota Legal Aid, providing policy, legislative, and administrative advocacy on behalf of Legal Aid statewide. Legal Aid's clients include Minnesotans who have low incomes, elderly Minnesotans and Minnesotans with disabilities.

Earned Wage Access (EWA) advances are loans. ADP, the payroll company, characterizes a payroll or paycheck advance as "a short-term loan." Moreover, they are just the latest iteration of a payday loan whose providers are seeking to characterize these loans in such a way to evade Minnesota's lending laws. They are advances of money to be repaid by the employee's paycheck. While there may be a free option, the fact is, according to the General Accounting Office, these providers impose what is effectively a finance charge through many alternative methods: monthly subscriptions; fee per use; expediting fees; tips, donations, or contributions. To suggest that because there are free options these products should fall outside the ambit of existing lending laws is to ignore the findings of the Consumer Financial Protection Bureau, which has discovered that 90% of employees pay the expedited fee and 97% of EWA providers' fees are derived from expediting fees.

By any other name, EWA advances are short-term payday loans. They should be regulated as such.

Thank you for the opportunity to provide this letter in support of SF 2216, Article 4, Sections 1 – 9.

Sincerely,

Ron Elwood
Supervising Attorney