



Vermont State Capitol
House Committee on Commerce and Economic Development
115 State Street
Montpelier, VT 05633-5301

Re: Support of HB 99

Dear Honorable Members of the Commerce and Economic Development Committee:

Thank you for the opportunity to express our strong support for HB 99, which creates new consumer protections and establishes a clear framework for the licensing and regulation of Earned Wage Access (EWA) services in Vermont.

EWA helps Vermont workers make ends meet

In the face of rising costs and financial uncertainty, many of your constituents are struggling to make ends meet. With approximately 58.6% of Americans in the Northeast living paycheck-to-paycheck, the need for accessible and affordable financial solutions has never been more urgent. EWA offers workers a much-needed lifeline by allowing working families to access wages they've already earned before their scheduled payday, for low fees or no fees. This empowers workers to address costs as they arise, rather than having to plan around their employers' pay periods.

EWA has already become an invaluable tool for over 15,000 workers in Vermont. By giving employees access to their already earned wages, EWA helps them avoid costly alternatives like high-cost online payday loans, credit card debt, and late fees.

HB 99 creates important consumer protections.

HB 99 creates a new, dedicated oversight system for EWA that is aligned with how this novel product operates. The bill proposes to regulate EWA service providers within a dedicated chapter in Vermont Statute. There are many other industries regulated under this title, including consumer lenders, credit unions, agricultural lenders, and check cashers and sellers.

The regulatory framework proposed in HB 99 creates important consumer protections. It also empowers your state's regulators to ensure EWA providers are operating in a way that protects consumers with penalties for those who fail to comply with consumer protections regulations. Key consumer protections in this bill include:

- **Bans interest, late fees, and penalties:** The bill prohibits the imposition of interest, late fees, or penalties, shielding workers from the high-cost practices often associated with payday loans, pawn loans, auto loans, short-term installment loans, and other types of predatory lending.
- **Requires *at least one free option*:** HB 99 mandates that providers offer at least one no-cost option for workers to access their earned wages ahead of payday.
- **Ensuring low-credit workers will always have access:** HB 99 ensures that no credit checks or credit reporting will be involved in EWA transactions, which means even workers with poor or no credit are always able to access this beneficial service.
- **Bans recourse in an EWA transaction:** The bill gives users the ability to cancel an EWA transaction at any point without penalty, while also ensuring that providers cannot pursue recourse or debt collection in the event of insufficient funds at payday or an employer does not make payroll. This ensures there is no recourse in an EWA transaction, ever.
- **Fee disclosures and transparency:** The bill creates clear fee disclosures for optional fees, so consumers are well-informed, and can choose the EWA option that best suits their needs.
- **Licensing and ongoing oversight:** By establishing licensing requirements and empowering the Vermont Department of Financial Regulation to oversee compliance, HB 99 ensures that only reputable businesses can provide EWA services in Washington, and that they are held accountable for their practices.

For these reasons, HB 99 ensures workers can access their earned wages responsibly and at no cost. By distinguishing EWA as an innovative service that allows access to earned wages, this bill controls for the consumer risks unique to EWA, which are different from those posed by credit or other financial products.

We strongly urge you to support HB 99 and provide your constituents with the tools they need to achieve financial stability.

Sincerely,

American Fintech Council
Brigit
Chamber of Progress
Cross River Bank
DailyPay
EarnIn

Immediate
Money Lion
Payactiv
Wagestream
Zayzoon