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# OHIO LEGISLATIVE SERVICE COMMISSION

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**S.B. 117\***  
**136<sup>th</sup> General Assembly**

## Occupational Regulation Report

[Click here for S.B. 117's Bill Analysis / Fiscal Note](#)

**Primary Sponsor:** Sen. Lang

**Impacted Profession:** Earned wage access services providers

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LSC is required by law to issue a report for each introduced bill that substantially changes or enacts an occupational regulation. The report must: (1) explain the bill's regulatory framework in the context of Ohio's statutory policy of using the least restrictive regulation necessary to protect consumers, (2) compare the regulatory schemes governing the same occupation in other states, and (3) examine the bill's potential impact on employment, consumer choice, market competition, and cost to government.<sup>1</sup>

## LEAST RESTRICTIVE REGULATION COMPARISON

### Ohio's general regulatory policy

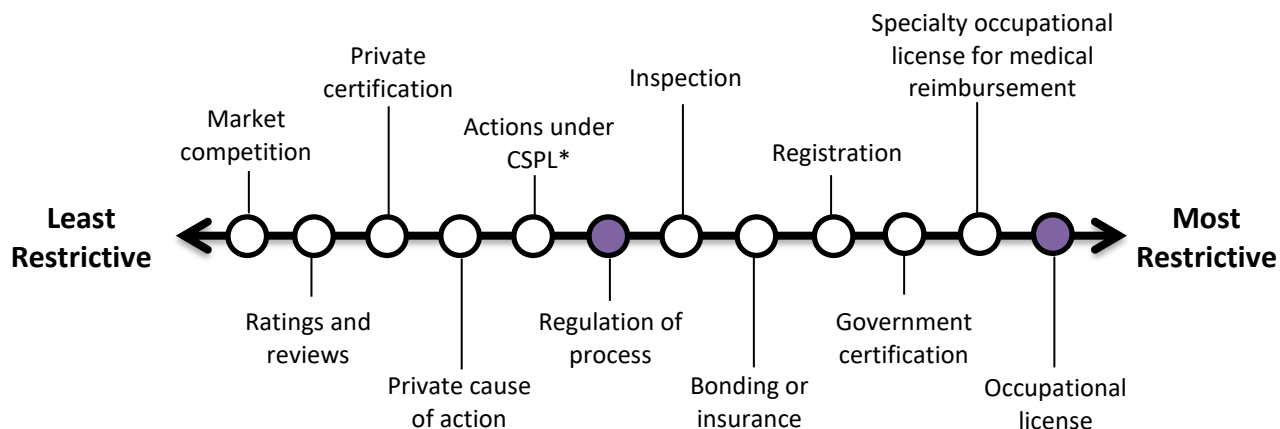
The general policy of the state is reliance on market competition and private remedies to protect the interests of consumers in commercial transactions involving the sale of goods or services. For circumstances in which the General Assembly determines that additional safeguards are necessary to protect consumers from "present, significant, and substantiated harms that threaten health, safety, or welfare," the state's expressed intent is to enact the "least restrictive regulation that will adequately protect consumers from such harms."<sup>2</sup>

The degree of "restrictiveness" of an occupational regulation is prescribed by statute. The following graphic identifies each type of occupational regulation expressly mentioned in the state's policy by least to most restrictive:

\* This report addresses the "As Introduced" version of S.B. 117. It does not account for changes that may have been adopted after the bill's introduction.

<sup>1</sup> R.C. 103.26, not in the bill.

<sup>2</sup> R.C. 4798.01 and 4798.02, neither in the bill.



\*CSPL – The Consumer Sales Practices Law

S.B. 117 prohibits a person from offering or providing earned wage access (EWA) services in Ohio without obtaining a certificate of registration from the Division of Financial Institutions in the Department of Commerce (DFI).<sup>3</sup> The bill also regulates aspects of the process of providing EWA services.<sup>4</sup>

“EWA services” is the business of delivering to consumers who reside in Ohio an advance on their earned but unpaid income. The services may be “consumer-directed” or “employer-integrated,” depending on the source of the consumer’s employment and income data.<sup>5</sup> Thus, EWA services allow consumers to receive their pay on demand from an EWA services provider (an “EWA provider” or “provider”) rather than waiting until their next paycheck. In exchange, the provider is entitled to repayment when the paycheck is disbursed and typically also charges a fee.

The bill expressly exempts banks and similar depository institutions from its requirements. It also specifies that EWA services must not be considered to be a loan, another form of credit or debit, or a money transmission (those services involve interest and finance charges, and, under the bill, EWA services cannot charge interest).<sup>6</sup>

The bill’s certificate of registration appears to function as a business license under the state policy because: (1) it is a nontransferable<sup>7</sup> authorization in law that must be possessed to provide EWA services, and (2) any individual who must be named in the license application must meet personal qualifications (i.e., passing a civil and criminal records check). Therefore, the bill’s

<sup>3</sup> R.C. 1320.02(A).

<sup>4</sup> R.C. 1320.05, 1320.06, and 1320.07.

<sup>5</sup> R.C. 1320.01.

<sup>6</sup> R.C. 1320.03(F), 1320.06(D), and 1320.09.

<sup>7</sup> R.C. 1320.03(E).

certificate of registration must be reviewed as an occupational license for purposes of this report, and the report refers to it as a license.<sup>8</sup>

## **Necessity of regulations**

The bill's primary sponsor, Senator George Lang, testified that EWA providers give workers access to wages that they have already earned but have not yet received. He explained that this service enables workers to access their wages, often on the same day worked, for a small fee of around \$3.00. Further, he stated that most EWA providers also offer a free option that usually includes a next-day deposit into the worker's bank account. He asserted that this model is much different and more consumer friendly than that of "payday" lenders, which he described as often charging exorbitantly high interest rates to mostly low-income individuals.

Senator Lang said that, although EWA providers operate in all 50 states, there is no regulatory framework for these companies in Ohio. He said that the bill proactively establishes such a framework within which EWA providers may operate as legitimate businesses. In order for Ohio to be the most business-friendly state in the country, he asserted that free markets must be allowed to operate with reasonable regulations as necessary. He concluded that the bill accomplishes just that.<sup>9</sup>

## **Restrictiveness of regulations**

### **Licensure**

Licensure is the most restrictive of all regulatory options identified within the state's continuum of regulations. Accordingly, the state's policy prescribes a narrow range of situations in which required licensure is appropriate; specifically, when all of the following circumstances are present: (1) the occupation involves providing a service regulated by both state and federal law, (2) the licensing framework allows individuals licensed in other states and territories to practice in Ohio, and (3) the licensing requirement is based on uniform national laws, practices, and examinations that have been adopted by at least 50 U.S. states and territories.<sup>10</sup>

Licensure of EWA providers does not appear to meet the state policy's first criterion for appropriateness because, although EWA services and providers are statutorily regulated by several other states,<sup>11</sup> it does not appear that they currently are regulated by federal law.

Licensure of EWA providers appears to meet the state policy's second criterion for appropriateness. Both the bill and the Occupational Licenses for Out-of-State Applicants Law require a license to be issued to an applicant holding an analogous license issued in another state.

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<sup>8</sup> R.C. 1320.02(A) and 1320.03(A); and R.C. 101.62, 103.27, and 4798.01, not in the bill.

<sup>9</sup> Senator George Lang, [S.B. 117 Sponsor Testimony](#), Senate Financial Institutions, Insurance, and Technology Committee, May 6, 2025, which is available on the General Assembly's website, [legislature.ohio.gov](https://legislature.ohio.gov), by searching for "S.B. 117" and looking under the "Committee Activity" tab.

<sup>10</sup> R.C. 4798.02, not in the bill.

<sup>11</sup> See [Utah Becomes Seventh State to Enact Law Regulating Earned Wage Access Services](#), which is accessible by conducting a keyword "Utah wage access" search on Goodwin's website: [goodwinlaw.com](https://goodwinlaw.com).

Although the bill applies the Occupational Licenses for Out-of-State Applicants Law applies, it is not clear how the law applies as it does not apply to business licenses. (The bill requires an out-of-state applicant to first pay all applicable fees and assessments.)<sup>12</sup>

As for the state policy's third criterion, licensure of EWA providers does not appear to meet it because the bill is not based on uniform national laws.

### **Requirements for issuance**

The bill prohibits providing EWA services without first obtaining a license from the DFI. Under the bill, if an investigation by the Superintendent of Financial Institutions reveals that this licensure requirement has been violated, the Superintendent may file an action in a court of common pleas to obtain an injunction, temporary restraining order, or other appropriate relief.<sup>13</sup>

It appears that the license is a business license and that the licensure requirement applies to a company, defined as a business entity other than an individual or sole proprietorship. Thus, it appears that individuals may be ineligible to provide EWA services under the bill.

The bill includes requirements an applicant must satisfy to obtain a license. Those requirements include having a net worth of \$50,000 and, for each license, to maintain at least \$50,000 in assets that are in use for conducting the EWA business or are readily available for such use. This may limit access to licensure depending on EWA provider's net worth. In addition to meeting other requirements including satisfying civil and criminal records checks, the applicant also must pay a \$200 investigation fee and a \$300 license fee.

However, an applicant may be subject to additional fees and assessments depending on certain circumstances. For example, if the application involves an out-of-state investigation, the applicant also may be required to advance sufficient funds to the DFI to pay for its actual investigation expenses exceeding \$200.

Under the bill, if the Superintendent determines that the \$300 annual license fee is insufficient to cover the DFI's estimated expenditures necessary to administer the bill's requirements during the following fiscal year, each licensee may be assessed an additional fee to be used to cover the shortfall. Licensees must pay the assessment on or before June 30.

The assessment amount ranges from \$250 to \$2,000 per licensee, and the bill specifies other requirements for calculating the amount.<sup>14</sup>

An applicant's credit score cannot be used as the sole basis for being denied a license.<sup>15</sup>

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<sup>12</sup> R.C. 1320.03(C) and R.C. 4796.03 and 4796.26, not in the bill.

<sup>13</sup> R.C. 1320.08(B) and (D).

<sup>14</sup> R.C. 1320.03.

<sup>15</sup> R.C. 1320.03(A).

Under the bill, the Superintendent may require a licensed EWA provider or an applicant for such licensure to utilize the Nationwide Multistate Licensing System, to pay all applicable charges for doing so, and to comply with related requirements.<sup>16</sup>

### **Renewal**

EWA provider licenses annually expire on December 31 unless renewed by filing a renewal application and paying an annual \$300 license fee before that date. An applicant for a renewed license must timely provide information the DFI requires on a form it prescribes. Incomplete applications are considered withdrawn if the applicant fails to provide requested information within 90 days.

A renewal application cannot be approved if the applicant is subject to an order of license suspension or revocation or to an unpaid and past-due fine or assessment.<sup>17</sup>

### **Business location**

Under the bill, a licensed EWA provider may operate online or at one or more physical places of business in Ohio. A provider must obtain a license for each location.

A licensee that wishes to move its place of business to a location outside the original municipality or township must file a new application and pay the requisite \$300 license fee plus, if required by the Superintendent, a \$200 investigation fee. However, an applicant may move its location within the original municipality or township or change the business's name of the business if it provides written notice to the DFI, which in turn must provide a new certificate for the new name or address at no cost. (A licensee's provision of services is not limited to residents of the municipality or township where its place of business is located.)<sup>18</sup>

### **Grounds for suspension or revocation of license or imposition of fine**

Under the bill, a provider *must* have its license suspended or revoked for either of the following reasons:

- The licensee has failed to comply with an order issued under the bill by the Superintendent; or
- Any fact or condition exists that, if it had existed or had been known to exist at the time the initial or renewal license was issued, it clearly would have warranted the Superintendent's refusal to issue the license.

A licensed EWA provider *may* have its license revoked if both of the following apply:

- Its ownership has changed 5% or more; and

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<sup>16</sup> R.C. 1320.02(B); *see also* [Nationwide Multistate Licensing System](#), which is accessible by conducting a keyword "nationwide multistate" search on the Conference of State Bank Supervisors' website: [csbs.org](http://csbs.org).

<sup>17</sup> R.C. 1320.03(A).

<sup>18</sup> R.C. 1320.03(E).

- An investigation by the DFI determines that a fact or condition exists that, if it had existed at the time of the original licensure application, would have warranted the application's denial.<sup>19</sup>

A licensee is subject to the Superintendent's investigation and hearing authority established under the bill, including authority to issue a subpoena, to conduct depositions, and to sue to obtain an injunction, temporary restraining order, or other appropriate relief. The purpose of such authority is to determine, as the Superintendent considers necessary, whether the licensee has violated the bill or a rule or order adopted under it or has otherwise engaged in conduct justifying the suspension, revocation, or refusal of an initial or renewed license or the imposition of a fine. This indicates that violating the bill or a rule or order adopted under it is grounds for license suspension, revocation, or refusal. In addition, a licensee may be fined not more than \$1,000 for each such violation.<sup>20</sup>

### **Process regulation**

The state's policy does not provide specific guidance as to when a regulation of process is the best means of protecting the health, safety, and welfare of consumers. However, the policy as a whole suggests that regulations of process are the most preferred method of regulation when market competition, ratings and reviews, private certifications, private causes of action, and actions under the state's Consumer Sales Practices Law do not provide sufficient protection.<sup>21</sup>

Whether these mechanisms are a sufficient means of protecting consumers is a policy decision. However, continuing Ohio law establishes numerous process regulations that govern financial services. For example, licensed transmitters of money must keep specified records,<sup>22</sup> and licensed check-cashing businesses must legibly write or stamp "licensed check-cashing business" immediately after or below the name of the check's endorser.<sup>23</sup>

The bill establishes several process regulations for EWA providers, including prohibitions against certain actions and requirements related to disclosures, consumer rights, repayment, statutory compliance, recordkeeping, and reports. To the degree these process regulations increase restrictiveness largely depend on how the EWA provider currently operates.

### **Prohibited actions**

The bill prohibits EWA providers from doing any of the following with respect to EWA services:

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<sup>19</sup> R.C. 1320.03(A) and 1320.08.

<sup>20</sup> R.C. 1320.08.

<sup>21</sup> R.C. 4798.01, not in the bill.

<sup>22</sup> R.C. 1315.09, not in the bill.

<sup>23</sup> R.C. 1315.25, not in the bill.

- Sharing with employers any fees, tips, or other proceeds charged to or received from a consumer;
- Requiring a consumer's credit report or credit score for use in determining the consumer's eligibility for the services;
- Accepting payment of any outstanding proceeds, fees, or other donations from a consumer via a credit card or charge card;
- Charging any late fees, interest, or other penalties for a consumer's failure to pay outstanding proceeds, fees, or other donations;
- Reporting any consumer to a consumer reporting agency or debt collector any information about a consumer's inability to repay any outstanding amounts;
- Misleading or deceiving consumers about the voluntary nature of tips, gratuities, or donations or making representations that they will benefit any specific individuals;
- Subject to certain exceptions, compelling or attempting to compel a consumer to pay outstanding proceeds, fees, or other donations by bringing a lawsuit against the consumer, by using a third party to pursue collection from the consumer, or by selling the outstanding amounts to a third-party debt collector or buyer.<sup>24</sup>

### **Disclosures**

Under the bill, an EWA provider must make the following disclosures to consumers regarding EWA services:

- Before entering into a service agreement with a consumer, a clear disclosure of all fees associated with the services;
- Before implementing any material changes to a service agreement's terms and conditions, disclosure of those changes;
- Clear and conspicuous disclosures regarding tips, gratuities, or other donations charged or received, including that they are voluntary.<sup>25</sup>

### **Consumer rights**

The bill requires an EWA provider, before entering into an agreement with a consumer for the provision of EWA services, to inform the consumer of the consumer's rights under the agreement. In addition, the provider must develop and implement policies and procedures to respond to questions and address complaints from consumers in an expedient manner. A provider must provide proceeds to a consumer by means mutually agreed on by the consumer and provider.

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<sup>24</sup> R.C. 1320.06.

<sup>25</sup> R.C. 1320.05.

Furthermore, a provider must offer at least one reasonable option to obtain proceeds at no cost to consumers and clearly explain how to elect that no-cost option. A provider also must allow the consumer to cancel use of the provider's EWA services at any time, without incurring a cancellation fee or penalty.<sup>26</sup>

### **Repayment**

The bill requires a provider that seeks repayment of outstanding proceeds, fees, tips, donations, or gratuities from a consumer's depository institution to comply with the federal Electronic Funds Transfer Act and all related regulations. Furthermore, if a provider attempts to recover the wrong amount of funds or attempts to recover the funds on a date other than the date disclosed to the consumer in the EWA service agreement, the provider must reimburse the consumer for any overdraft or nonsufficient funds fees charged by the consumer's depository institution as a result of that error. The bill's requirements do not apply when a consumer's outstanding amounts or fees were incurred through fraudulent or otherwise unlawful means.<sup>27</sup>

### **Recordkeeping and reports**

EWA service providers must maintain books, accounts, and records with respect to EWA services that will enable the DFI to determine whether the provider is complying with the bill and related rules. These records must be separate from those pertaining to transactions that are not subject to the bill. A provider is subject to the Superintendent's examination of its records as often as the Superintendent considers necessary.

In addition, each provider must file an annual report with the DFI concerning the business and its operations for the preceding calendar year. Providers with more than one location in Ohio must file a report for each location.<sup>28</sup>

### **Posting of license**

A licensee that operates online must post evidence of its license on its internet website. Likewise, a licensee operating at one or more physical locations must conspicuously post its license in its places of business.<sup>29</sup>

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## **IMPACT STATEMENT**

### **Opportunities for employment**

While the bill mandates EWA service providers to obtain a license from DFI, the impact on limiting employment opportunities is expected to be minimal. Given that most EWA service providers are large, nationwide companies with substantial resources. For these providers, the

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<sup>26</sup> R.C. 1320.05.

<sup>27</sup> R.C. 1320.05(I).

<sup>28</sup> R.C. 1320.04 and 1320.07.

<sup>29</sup> R.C. 1320.03(E).



cost of complying with these regulations will be relatively low and unlikely to deter them from entering the market or expanding their services.

## **Consumer choice and market competition**

Given that the licensing and compliance costs under S.B. 117 are relatively modest, the bill is unlikely to deter market competition or prevent new providers from entering the market. Moreover, by establishing clear rules and disclosure requirements for EWA service providers, the bill promotes informed consumer choice.

## **Cost to government**

Under S.B. 117, the cost to government may increase due to new regulatory and oversight responsibilities assigned to DFI, including reviewing applications, conducting background checks, and enforcing compliance. However, these costs are expected to be offset by the bill's fee structure, which includes both a registration and investigation fee, and the option for the DFI to assess additional fees, if necessary. For further details, please refer to the [LBO fiscal note \(PDF\)](#).

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# **SUMMARY OF PROPOSED REGULATIONS**

## **Rules and orders**

The bill authorizes the Superintendent to adopt any rules and issue any orders necessary to enforce and carry out the bill.<sup>30</sup>

## **Preemption**

The bill prohibits the state or any political subdivision from requiring an EWA provider to pay any fee or assessment, other than those expressly authorized by the bill, as a condition of providing EWA services.<sup>31</sup>

For a more detailed explanation of the bill, please see the [LSC bill analysis \(PDF\)](#).

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<sup>30</sup> R.C. 1320.10(B).

<sup>31</sup> R.C. 1320.03(G).

## COMPARISON TO OTHER STATES

None of the states surrounding Ohio appear to have enacted laws specifically to regulate EWA services. However, seven other states have enacted such laws, including Arkansas, Kansas, Missouri, Nevada, South Carolina, Utah, and Wisconsin.<sup>32</sup> A sampling of such laws in selected states is summarized in the table below.

Note that neither California nor Connecticut have enacted specific EWA statutes, but they appear to regulate EWA services as short-term loans.<sup>33</sup> This differs from the bill, which expressly states that EWA services are not considered a loan or other form of credit.<sup>34</sup>

State	Must EWA providers obtain a state-issued credential?	Must EWA providers maintain minimum net worth or assets?	Must EWA providers offer a no-cost option to consumers?	May EWA providers charge late fees, other penalties, or interest for failure to pay outstanding proceeds?
Ohio (under the bill)	Yes: a registration (which functions as a license under the state policy) (R.C. 1320.02(A))	Yes: minimum \$50,000 net worth and, for each license, minimum \$50,000 in use by the provider or readily available for the provider's use (R.C. 1320.03(D))	Yes (R.C. 1320.05(B))	No (R.C. 1320.06(D))

<sup>32</sup> See [Utah Becomes Seventh State to Enact Law Regulating Earned Wage Access Services](#), which is accessible by conducting a keyword “Utah wage access” search on Goodwin’s website: [goodwinlaw.com](#).

<sup>33</sup> See [DFPI Announces New Rules to Expand Protections for California Consumers](#), which is accessible by conducting an “expand protections” keyword search on the California Department of Financial Protection & Innovation’s website: [dfpi.ca.gov](#), and [California DFPI Finalizes New Earned Wage Access Regulations](#), which is accessible by conducting a keyword “DFPI” search on GreenbergTraurig’s website: [gtlaw.com](#). See also [Department of Banking Issues Industry Guidance Regarding Public Act 23-126 \(PDF\)](#), which is accessible by conducting a keyword “industry guidance 23-126” on the State of Connecticut Department of Banking’s website: [portal.ct.gov](#).

<sup>34</sup> R.C. 1320.09(A).

State	Must EWA providers obtain a state-issued credential?	Must EWA providers maintain minimum net worth or assets?	Must EWA providers offer a no-cost option to consumers?	May EWA providers charge late fees, other penalties, or interest for failure to pay outstanding proceeds?
Arkansas <sup>35</sup>	No	No	Yes (Ark. Code 23-52-203(b))	No (Ark. Code 23-52-203(e))
Missouri	Yes: a registration (Mo. Rev. Stat. 361.749(2))	No, but a provider must make a sworn statement attesting to financial capability of engaging in the business of EWA services (Mo. Rev. Stat. 361.749(2))	No, but an employer may pay a fee to an EWA provider to entitle the consumer to a reduced - or no-cost option (Mo. Rev. Stat. 361.749(1))	Regarding interest: no (regarding late fees and other penalties: the law is silent) (Mo. Rev. Stat. 361.749(5))
Nevada	Yes: a license (Nev. Rev. Stat. 604D.200(1))	No, but: a license applicant must provide satisfactory proof that it is competent to transact business as a provider; applicants and licensees must submit audited financial statements; and a licensee must maintain a \$35,000 surety bond (Nev. Rev. Stat. 604D.200(2), 604D.210(1), 604D.250, and 604D.500(1))	Yes (Nev. Rev. Stat. 604D.200(2))	No (Nev. Rev. Stat. 604D.410(1))

<sup>35</sup> See [Act 347 of the 95th Arkansas General Assembly \(PDF\)](#) (approved by Governor March 20, 2025, effective 91<sup>st</sup> day after adjournment), which is accessible by conducting a keyword “347” search in Acts on the Arkansas State Legislature’s website: [arkleg.state.ar.us](http://arkleg.state.ar.us)..

State	Must EWA providers obtain a state-issued credential?	Must EWA providers maintain minimum net worth or assets?	Must EWA providers offer a no-cost option to consumers?	May EWA providers charge late fees, other penalties, or interest for failure to pay outstanding proceeds?
South Carolina	Yes: a registration ( <i>S.C. Code Ann. 39-5-830(1)</i> )	No, but a provider must maintain a \$30,000 surety bond ( <i>S.C. Code Ann. 39-5-830(5)</i> )	Yes ( <i>S.C. Code Ann. 39-5-840(2)</i> )	No ( <i>S.C. Code Ann. 39-5-850(2)</i> )
Wisconsin	Yes: a license ( <i>Wis. Stat. 203.03(1)</i> )	No, but a provider must maintain a \$25,000 surety bond, and financial responsibility is a criterion for licensure ( <i>Wis. Stat. 203.03(6) and (7)</i> )	Yes ( <i>Wis. Stat. 203.04(1)</i> )	No ( <i>Wis. Stat. 203.04(2)</i> )