
**SENATE COMMITTEE ON
BANKING AND FINANCIAL INSTITUTIONS**
Senator Timothy Grayson, Chair
2025 - 2026 Regular

Bill No: AB 2028 **Hearing Date:** June 17, 2026
Author: Chen
Version: February 17, 2026 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Michael Burdick

Subject: Deferred deposit transactions: assessments

SUMMARY

This bill requires the Department of Financial Protection and Innovation (DFPI) to include specified information in an invoice or assessment notice related to the annual pro rata assessment levied on licensees of the California Deferred Deposit Transaction Law.

EXISTING LAW

- 1) Provides the California Deferred Deposit Transaction Law (DDTL), a licensing framework administered by the Department of Financial Protection and Innovation (DFPI) that regulates the provision of deferred deposit transactions (more commonly known as “payday loans”). (Division 10 of the Financial Code, commencing with Section 23000)
- 2) Requires each licensee to pay its pro rata share of all costs and expenses incurred by DFPI in administering the DDTL, as specified. Provides that the assessment is the proportion that a licensee’s total dollar amount of deferred deposit transactions made bears to the aggregate total dollar amount of deferred deposit transactions made by all DDTL licensees, as specified. Provides a minimum assessment amount of \$250 per licensed location per year. (Financial Code Section 23016)

THIS BILL

Requires DFPI to provide the following information in an invoice or assessment notice issued to a DDTL licensee:

- a) The total costs and expenses reasonably incurred in the administration of this division, as estimated by the commissioner, for the ensuing year.
- b) Any deficit actually incurred or anticipated in the administration of the program in the year in which the assessment is made.
- c) The aggregate total dollar amount of deferred deposit transactions made by all licensees.
- d) The licensee’s total dollar amount of deferred deposit transactions.
- e) The number of license locations operated by the licensee.

COMMENTS

The Department of Financial Protection and Innovation (DFPI) licenses and oversees a variety of businesses in the financial services industry, such as state-chartered banks and credit unions, money transmitters, nonbank lenders, mortgage lenders, debt collectors, and payday lenders. The costs incurred by DFPI in regulating these businesses are recovered through fees and assessments charged to licensed businesses. Rather than requiring the General Fund to cover these expenses, the regulated entities bear the costs.

The Deferred Deposit Transaction Law (DDTL) is a licensing law that covers lenders providing certain short-term credit instruments, familiarly known as “payday loans.” In 2024, the author of this bill authored AB 3148 (Chen, Chapter 252, Statutes of 2024) which shifted the apportionment of annual assessments under the DDTL from one based on physical locations to a pro rata model based primarily on a licensee’s share of payday loans originated in the prior year. This change had the effect of increasing costs for payday lenders operating exclusively online while reducing costs for lenders that rely primarily on brick-and-mortar storefronts to originate payday loans.

The California Financial Service Providers (CFSP) is a trade association representing payday lenders and supporter of this bill. CFSP states the rationale for this bill in its support letter:

Last year, each licensee was unexpectedly faced with an annual assessment that was much higher than anticipated. Not only did DFPI neglect to provide licensees with any warning before issuing invoices, but the department also refused to provide an explanation afterwards. Licensees were left unable to determine whether higher costs stemmed from increased program expenses, deficit recovery, or other factors. This lack of transparency makes it difficult for the industry to budget and plan for future operations, a key component of running a business.

LIST OF REGISTERED SUPPORT/OPPOSITION

Support

California Financial Service Providers

Opposition

None received