

2025 Regular Session

HOUSE BILL NO. 470

BY REPRESENTATIVE MCFARLAND

AN ACT

To enact R.S. 9:3137.10, relative to revenue-based financing transactions; to provide for definitions; to provide for amounts charged in a revenue-based financing transaction; to provide for disclosures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 9:3137.10 is hereby enacted to read as follows:

§3137.10. Revenue-based financing transaction

A.(1) For the purposes of this Chapter, "revenue-based financing transaction" means an agreement under which a person engaged in a commercial enterprise sells or agrees to forward a percentage of sales, revenue, or income, and the person's payment obligation increases and decreases according to the volume of sales made or revenue or income received.

(2) For the purposes of this Chapter, a "revenue-based financing transaction" is not a transaction for the use, forbearance, or detention of money.

B. Amounts charged in a revenue-based financing transaction, whether in the nature of a fee, discount, or otherwise, are not interest.

C.(1) A revenue-based financing transaction shall include a written disclosure of the terms of the revenue-based financing transaction as provided in Paragraph (2) of this Subsection. The disclosure shall be provided at or before consummation of the transaction. Only one disclosure shall be provided for each revenue-based financing transaction, and a disclosure shall not be required as a result of a modification, forbearance, or change to a consummated revenue-based financing transaction.

1 (2) A revenue-based financing transaction shall provide a written disclosure
2 of the following information:

3 (a) The total amount of funds provided to the commercial enterprise under
4 the terms of the agreement.

5 (b) The total amount of funds disbursed to the commercial enterprise if less
6 than the amount specified in Subparagraph (a) of this Paragraph as a result of any
7 fees deducted or withheld at disbursement, any amount paid to the provider to satisfy
8 a prior balance, and any amount paid to a third party on behalf of the commercial
9 enterprise.

10 (c) The total amount to be paid to the provider under the terms of the
11 agreement.

12 (d) The total dollar cost under the terms of the agreement, calculated by
13 finding the difference between the amount specified in Subparagraph (a) of this
14 Paragraph and the amount specified in Subparagraph (c) of this Paragraph.

15 (e) The manner, frequency, and amount of each payment, or if the amount of
16 the payments vary, the manner and frequency of the payments, the estimated amount
17 of the initial payment, a description of the methodology for calculating any variable
18 payment, and the circumstances under which payments may vary.

19 (f) Whether there are any costs or discounts associated with prepayment,
20 including a reference to the provision in the transaction that creates the contractual
21 rights of the parties related to prepayment.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____