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## FISCAL IMPACT REPORT



SPONSOR: Taylor, JG DATE TYPED: 01/27/02 HB HJM 27

SHORT TITLE: Appoint Banking & Loans Committee SB \_\_\_\_\_

ANALYST: Burch

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		See "Fiscal Implications" section of this report			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC files  
Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 1 requests the Legislative Council to appoint a banking and loans committee to undertake a study of banking and lending laws and regulations.

#### Significant Issues

The joint memorial recognizes that:

- New Mexico consumers have many financial options under state law in the area of consumer loans;
- The Legislature has not undertaken an in-depth study of the laws regulating loan entities in many years; and
- Areas of concern included interest rate caps, usury, importation of interest rates, loan practices, consumer rights and obligations, loan institutions' rights and obligations and the operations of the Financial Institutions Division of the Regulation and Licensing Department.

**FISCAL IMPLICATIONS**

If the Legislative Council creates the committee, the expenses of the committee would presumably be paid from the appropriation contained in Subsection B of Section 3 contained in House Bill 1 (Feed Bill) for legislative interim expenses.

**ADMINISTRATIVE IMPLICATIONS**

Staff of the Legislative Council would probably support the work of the committee.

**OTHER SUBSTANTIVE ISSUES**

The Regulation and Licensing Department reports that in 1999, the Legislature passed House Memorial 36 which requested the director of the Financial Institutions Division of the Regulation and Licensing Department to select a study committee made up of representatives of the lending industry and consumers to study the existing regulatory statutes of and the existing lending practices in the state to determine what, if any, legislation is necessary to provide a healthy economic environment for both lenders and consumers. The study committee met over a nine-month period and submitted a report to the Legislature in 2000. The report is titled "Consumer Lending Study Committee Report for the Forty Fourth Session of the New Mexico State Legislature. The report can be found on the Financial Institutions Division website at:

<http://www.rld.state.nm.us/fid/news/news.htm>.

**TECHNICAL ISSUES**

The Regulation and Licensing Department reports that its Financial Institutions Division does not have regulatory oversight over pawn shops, and industry which makes loans. These entities are licensed by local governments and registered by the local law enforcement agency.

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