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FISCAL IMPACT REPORT

SPONSOR: Miera DATE TYPED: 02/11/03 HB 526

SHORT TITLE: Deferred Deposit Loan Reporting Requirements SB _____

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$35.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 225, HB 427

Duplicates SB 433

SOURCES OF INFORMATION

LFC Files

Response Received From
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 526 amends the Small Loan Act of 1955 to require specific annual reporting requirements for small loan companies that make deferred deposit loans. The annual reports must be filed with the Regulation and Licensing Department (RLD) Financial Institutions Division on an annual basis.

FISCAL IMPLICATIONS

According to RLD, implementation of this bill would require one additional FTE.

Clerk @ \$20,000 + 30% benefits	\$ 26,000
Office space 1 additional employee @ 150 sf per employee @ \$20 per sf	\$ 3,000
2 filing cabinet expansions @ \$3,000 each	<u>\$ 6,000</u>
	<u>\$ 35,000</u>

ADMINISTRATIVE IMPLICATIONS

RLD states that a clerk would be needed for filing, follow up with the small loan companies to ensure that RLD receives the required reports, and compiling the data received from the annual reports.

TECHNICAL ISSUES

RLD makes the following technical observations regarding this bill:

- On page 2 line 2, the word “licensure” should be defined.
- On page 2 line 3, the word “volume” should be defined. Does this mean loan volume on a specific date, or the total volume of loans originated during the calendar year referred to on page 1 lines 21 and 22.
- On page 2 lines 5 and 6, the word “number” should be defined. Does this mean the total number of loans as of a specific date, or the total number of loans originated during the calendar year referred to on page 1 lines 21 and 22.
- On page 3 line 2 and 3, the word “other” should be defined.
- On page 3 lines 6 and 7, the word “action” should be defined. For example, action could be all collection calls and written notices, or actions taken in a court of competent jurisdiction.
- On page 3 lines 10 and 11, the word “type” should be defined. Type could mean complaints about being put on hold for an extended period or type could mean valid complaints against the licensee.

OTHER SUBSTANTIVE ISSUES

Information provided by the licensee in the annual report might be incomplete the first year the report is required. If passed, this bill would become effective in June 2003. In March 2004, the licensee would be required to submit data that covers the retroactive period 1/1/03 – 12/31/03. It is not known whether companies currently maintain the historical data necessary to address each of the 22 areas delineated in the bill. If they do not, the information they provide the first year may be incomplete.

AMENDMENTS

According to RLD, the incomplete data collection issue discussed above could be resolved by specifying an effective date to begin the data collection process, thus allowing the licensee time to have procedures in place to meet the data collection requirements specified in the bill.

RLG/prr