

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Sanchez, B. DATE TYPED: 02/26/03 HB _____

SHORT TITLE: Deferred Deposit Loan Reporting Requirements SB 433/aSCORC

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$0.1 See Narrative		\$35.0	Recurring	Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
		\$0.1 See Narrative	Recurring	Other State Funds

(Parenthesis () Indicate Revenue Decreases)

Relates to SB 225, HB 427

Duplicates HB 526

SOURCES OF INFORMATION

LFC Files

Response Received From
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 422 permits the RLD director to impose a reporting licensee annual fee of \$175. The fees authorized in this amendment are appropriated to the division for expenditure to pay administrative expenses of the division. Expenditure shall be by warrants drawn by the Department of Finance and Administra-

tion based on vouchers signed and submitted by the director.

Synopsis of Original Bill

Senate Bill 433 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>
	\$ 35,000

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 for 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/yr/njw