

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3208-01  
Bill No.: SB 593  
Subject: Consumer Protection; Banks and Financial Institutions; Business and Commerce;  
 Licenses - Misc.  
Type: Original  
Date: December 30, 2009

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Bill Summary: Amends laws relating to unsecured loans of \$500 or less.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Insurance, Financial Institutions, and Professional Registration** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** state based on the number of payday lenders, the AGO estimates that it will coordinate with the Division of Finance to bring ten (10) cease and desist orders. In addition, based on information provided by the Division of Finance, the AGO estimates that at least three (3) additional enforcement actions will be brought on behalf of the State of Missouri. The AGO assumes any potential costs arising from this proposal can be absorbed with existing resources.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the AGO will need to request additional staff to handle the increase in workload.

**Oversight** notes section 408.500.11 provides that the court may impose civil penalties against lenders of unsecured loans of up to \$1,000 per day for failure to comply with the provisions of sections 408.500 to 408.506. **Oversight** assumes minimal penalties will be collected and, therefore, is not presenting penalties in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide unsecured loans of \$500 or less. The proposal caps the amounts that can be charged to consumers of these loans. If businesses currently charge more than the amount prescribed by the proposal, they could incur a reduction in their business income.

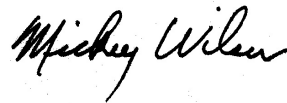
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General  
Office of State Courts Administrator  
Department of Insurance, Financial Institutions, and Professional Registration



Mickey Wilson, CPA  
Director  
December 30, 2009