

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5437-02
Bill No.: SB 791
Subject: Consumer Protection; Banks and Financial Institutions; Business and Commerce;
Licenses - Misc.
Type: Original
Date: March 16, 2012

Bill Summary: Amends laws relating to small loans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** assume it is unknown how many loans will be made each year requiring the small loan lenders to deposit the surcharge of \$1.00 for each loan. It is also unknown how many grant applications will be received reviewed or granted each year so program costs are not able to be determined at this time. However, it is anticipated that the income and costs to the fund should net to zero.

The Division of Finance would need to establish a program to monitor the real-time statewide compliance with the provisions of this section. The division would issue a Request for Proposal (RFP) to bid out this purchase to find a vendor to establish the program. Other states are currently using contracted vendors for this work and there is not charge to the state as the vendors typically charge the small loan lenders a fee to collect the costs associated with the system. The Division of Finance believes it can administer the costs of a potential contract and program within the revenue deposited into the fund, however if the costs are greater than anticipated the department would need to request additional appropriation and funding through the budget and legislative process.

Section 408.500: changes laws relating to unsecured loans of five hundred dollars or less.

This section of the proposal is not anticipated to have a fiscal impact on DIFP. If the adoption of the bill results in a reduction of fee revenue from affected entities, the DIFP anticipates it would expend a correspondingly smaller amount to regulate these entities.

In response to a similar proposal, SB 295, 0560-02 in 2011, officials from the **Office of Attorney General (AGO)** state this proposal grants the AGO two new powers: to issue cease and desist orders along with the Division of Finance and to file enforcement actions in circuit court. The AGO assumes that there is the potential for a small increase in caseload and, therefore, requests 0.5 FTE Assistant Attorney General I (AAG 1) and 0.5 FTE Investigator. The AGO may seek future appropriations if there is a significant increase in the number of referrals.

The AGO assumes a fiscal impact for FY 12 of \$66,970; \$71,617 for FY 13; and \$72,511 for FY 14.

VL:LR:OD

Oversight assumes the AGO would not hire two part-time staff and would assign the extra duties to existing staff. If there is a significant increase in the workload and number of referrals, the AGO can seek additional funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

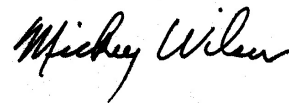
FISCAL DESCRIPTION

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

L.R. No. 5437-02
Bill No. SB 791
Page 5 of 5
March 16, 2012

Director
March 16, 2012

VL:LR:OD