

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5157-03
Bill No.: Truly Agreed To and Finally Passed HCS for SS for SB 694
Subject: Business and Commerce; Consumer Protection; Credit and Bankruptcy
Type: Original
Date: May 21, 2014

Bill Summary: This proposal modifies the law relating to payday loans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Finance Fund	\$180,000	\$180,000	\$180,000
Total Estimated Net Effect on Other State Funds	\$180,000	\$180,000	\$180,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal increases the annual license fee for lenders from three hundred to five hundred dollars. There are currently approximately 900 licensees. The department estimates revenue to increase by \$180,000 each year for the next three fiscal years.

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Office of the State Courts Administrator** and the **Joint Committee on Administrative Rules** assume the current proposal would not fiscally impact their agency.

Officials from the **Attorney General's Office** assumed that any potential costs arising from the proposal can be absorbed with existing resources.

This proposal will increase total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FINANCE FUND			
<u>Revenue - Department of Insurance, Financial Institutions and Professional Registration - Increased license fee on payday lenders from \$300 to \$500 §408.500</u>	<u>\$180,000</u>	<u>\$180,000</u>	<u>\$180,000</u>
ESTIMATED NET EFFECT ON FINANCE FUND	<u>\$180,000</u>	<u>\$180,000</u>	<u>\$180,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Payday loan companies will be impacted by this proposal.

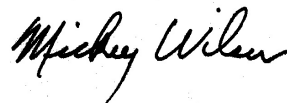
FISCAL DESCRIPTION

Under current law, payday lenders are required to pay an annual licensing fee of \$300 per location. This act increases that amount to \$500 per location.

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

Department of Insurance, Financial Institutions and Professional Registration
Office of the State Courts Administrator
Attorney General's Office
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
May 21, 2014

Ross Strobe
Assistant Director
May 21, 2014