

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4719-01  
Bill No.: SB 738  
Subject: Banks and Financial Institutions; Business and Commerce; Consumer Protection  
Type: Original  
Date: December 19, 2017

---

Bill Summary: This proposal modifies the law relating to consumer credit interest rates.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0 or (Greater than \$7,800,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Greater than \$7,800,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and Expenses net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assumes the cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2016 Presidential Preference Primary received from local election authorities.

The Secretary of State's Office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY15, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the SOS was appropriated \$1.19 million to publish the full text of the measures. Also in FY17, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$2.4 million to publish (an average of \$400,000 per issue). The SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this proposal voted on during a special election in fiscal year 2018. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2018 and the next scheduled general election is in November 2018 (FY 2019). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2019.

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

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Expense</u> - reimbursement of local political subdivisions for special election costs <b>if</b> called for by the Governor	\$0 or (Greater than <u>\$7,800,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or (Greater than <u>\$7,800,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
 <b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or Greater than \$7,800,000	\$0	\$0
<u>Expense</u> - cost for special election if called for by the Governor	\$0 or (Greater than \$7,800,000)	<u>\$0</u>	<u>\$0</u>
 <b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>	 <b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Payday Lending businesses may be fiscally impacted by this proposal.

FISCAL DESCRIPTION

This proposal prohibits lenders of consumer credit loans, title loans, consumer installment loans, and unsecured loans of \$500 or less (commonly known as payday loans) from contracting for or receiving interest, fees, and finance charges on the unpaid principal balance of a loan in excess of 36%.

Such lenders are prohibited from evading the requirements of this act through any method, including but not limited to mail, telephone, internet, or any electronic means. Such lenders are further subjected to several provisions of current law regulating interest on small loans.

This act contains a referendum clause.

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  
Department of Corrections  
Office of the State Courts Administrator  
Office of the State Public Defender  
Office of Prosecution Services  
Office of the Secretary of State

Mickey Wilson, CPA

Ross Strope



Director  
December 19, 2017

Assistant Director  
December 19, 2017