

**State Corporation Commission
2006 Fiscal Impact Statement**

1. Bill Number HB1514

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Kilgore

3. Committee Commerce and Labor

4. Title Motor vehicle equity loans; penalties.

5. Summary/Purpose:

Motor vehicle equity loans; penalties. Establishes a system for licensing and regulating revolving lines of credit secured by equity in a motor vehicle. The maximum amount of a motor vehicle line of credit is \$10,000. Interest and fees may be imposed at such rates as may be agreed upon by the lender and borrower. Lenders are required to be licensed with the State Corporation Commission. A violation of the measure is a prohibited practice under the Consumer Protection Act. Violators are subject to civil and criminal penalties. Making unlicensed motor vehicle equity loans, or arranging or brokering motor vehicle equity loans, is punishable as a Class 1 misdemeanor.

6. Fiscal Impact : See Item #8

7. Budget amendment necessary: None.

8. Fiscal implications: The possible number of title lender licensees is unknown. However, based on conversations among Bureau of Financial Institutions senior staff and senior staff of other state financial institutions regulators, the Bureau anticipates it may need a minimum of four additional mid-range level field examiner positions and one clerical position. Examiners will investigate applications for licenses and examine licensees for compliance with law. Based on current salary and benefits structure and estimated travel expenses and equipment, the additional annual costs to the Bureau of Financial Institutions would be approximately \$263,000. The expense of regulating and supervising the auto title lending industry will be recovered from the licensed industry as prescribed in proposed § 6.1-487 of the Code of Virginia under a fee schedule set by the State Corporation Commission.

9. Specific agency or political subdivisions affected: Bureau of Financial Institutions, State Corporation Commission

10. Technical amendment necessary: None.

11. Other comments: This bill has been assigned to the Financial Institutions subcommittee of House Commerce and Labor.

Date: 01/25/06 E. J. Face, Jr.
cc: Secretary of Commerce and Trade