

## State Corporation Commission 2006 Fiscal Impact Statement

**1. Bill Number** HB912

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Oder

**3. Committee** Commerce and Labor

**4. Title** Payday loan act.

**5. Summary/Purpose:**

Payday loan act. Requires the State Corporation Commission on or before July 1, 2007, to contract with a third party to establish and administer a database with real-time access through an Internet connection to ensure compliance with the Payday Loan Act. The measure also (i) increases the minimum length of a payday loan from seven to 15 days; (ii) prohibits a payday lender from making a payday loan to a borrower if the borrower has another payday loan outstanding or within 48 hours following the borrower's payment of another payday loan; (iii) making a payday loan to a borrower if the proceeds of the payday loan will be used in whole or in part to repay an outstanding payday loan; (iv) prohibits a lender from instituting collection proceedings against a borrower until 60 days after the date of default; (v) prohibits a lender from engaging in any unfair, misleading, deceptive, or fraudulent acts or practices in the making or collecting of a payday loan; (vi) requires a lender, when collecting or attempting to collect a payday loan when the check given as security for such loan is dishonored, to comply with the provisions of the Fair Debt Collection Practices Act that apply to debt collectors; (vii) increases the maximum fine or penalty for a violation from \$1,000 to \$2,500; and (viii) provides that any provision of a written loan agreement that violates the Payday Loan Act is unenforceable against the borrower.

**6. Fiscal Impact Estimates** are not available. See Item # 8.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Exact fiscal impact figures cannot be determined without further detailed study. Based on discussions among senior staff of the Bureau of Financial Institutions and other state regulators, the fiscal impact to the Bureau would appear to be minimal or insignificant. Amendments or substitutes to the legislation could significantly change fiscal impact estimates.

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

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 01/17/06 E. J. Face, Jr.

cc: Secretary of Commerce and Trade