

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB1505

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Nixon

3. Committee: Commerce and Labor

4. Title: Payday Loan Act; database.

5. Summary: Payday Loan Act. Requires the State Corporation Commission, by July 1, 2009, to certify and contract with one or more third parties to develop, implement, and maintain an Internet-accessible database, and requires payday lenders to query the database prior to making any loan to determine whether an applicant is eligible for the loan. A fee, not to exceed \$ 1, may be charged to defray the costs of using the database. The database provider will own the information contained in the database and be responsible for protecting the confidentiality and security of information in the database.

6. Fiscal Impact Estimates: Not available. See Item #8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: This bill will have a moderate fiscal impact on the State Corporation Commission. Based on conversations among senior staff of the Bureau of Financial Institutions and senior staff of other state financial regulatory departments using payday loan databases, the Bureau anticipates it would need to employ one additional analyst to adequately monitor the data provided by licensed payday lenders to the database on a regular basis, to determine the effectiveness of the database. The expense will be recovered from the licensed industry as prescribed in § 6.1-457 of the Code of Virginia.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission and its Bureau of Financial Institutions

10. Technical Amendment Necessary: No.

11. Other Comments: House Bill 1505 amends § 6.1-453 of the Code of Virginia to add a subsection B pertaining to a database for payday loan information. Provisions pertaining to a payday loan database are included in House Bill 12 and Senate Bill 588 – however the provisions are contained in a new section in these bills (added § 6.1-453.1). Subdivision 6 in each of the three bills is different. In addition, House Bill 12 and Senate Bill 588 amend a number of sections in the Payday Loan Act – but are not identical. In addition, Senate Bill 588 amends three sections not contained in House Bill 12. House Bill 1505 amends one section of the Act.

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Date: 2/13/2008 E J Face, Jr.

cc: Secretary of Commerce and Trade