State Corporation Commission
2018 Fiscal Impact Statement

1. **Bill Number:** HB956

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Yancey

3. **Committee:** Committee Referral Pending

4. **Title:** Payday loans.

5. **Summary:** Changes the minimum term of a payday loan from two of the borrower's pay cycles to six months. The measure reduces the maximum amount of the loan fee that a licensee may charge from 20 percent of the total amount borrowed to 20 percent of the amount of the first $300 borrowed and 7.5 percent of any amount borrowed in excess of $300. The measure entitles a borrower to a refund of unearned interest and loan fee if the loan is prepaid in full prior to maturity. The measure adds a requirement that borrowers be given the option of structuring a payday loan as an installment loan payable in substantially equal monthly installments. The measure retains the provision authorizing a borrower to pay any outstanding single payment payday loan by means of an extended payment plan. The measure eliminates the existing provision that authorizes a borrower with five payday loans within 180 days to repay such fifth loan as an extended term loan in four installments over 60 days. The measure prohibits a licensee from refinancing or renewing an existing payday loan or amending the terms of an existing payday loan agreement in order to extend the term of the existing payday loan beyond its original term more than once. The measure allows a person to have more than one payday loan outstanding at any time if his aggregate principal amount does not exceed $500 and there is at least a 30-day period between the dates each payday loan is made. The measure prohibits a licensee from making a payday loan if the purpose of the loan is to enable the borrower to pay off a payday loan made by the licensee or another payday lender. Finally, the measure revises the existing provision that bars a licensee from making a new loan to a borrower on the same day that the borrower repaid a payday loan by stating that such loans are barred if made to pay off a payday loan made by the licensee or another payday lender.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission. See Item 8.

8. **Fiscal Implications:** Not known at this time. It is possible that changes to the payday lender database would be needed as a result of this legislation; however, expenses would be borne by the database vendor. Changes and costs are undeterminable at this time.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

1/12/18 EJF