

## State Corporation Commission 2018 Fiscal Impact Statement

**1. Bill Number:** HB1596

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

**2. Patron:**      Keam

**3. Committee:** Commerce and Labor

**4. Title:**          Open-end credit plans.

**5. Summary:** Prohibits a person licensed as a motor vehicle title lender from extending credit under an open-end credit plan. The measure requires any person engaging in the business of extending credit under an open-end credit plan to obtain a license from the State Corporation Commission and establishes licensure requirements and procedures. The measure prohibits a person extending credit under an open-end credit plan from (i) obtaining or accepting from a borrower an authorization to electronically debit the borrower's deposit account; (ii) failing to comply with certain restrictions and prohibitions applicable to debt collectors contained in the federal Fair Debt Collection Practices Act; (iii) making a loan to a borrower if the loan or extension would cause the borrower to have more than one loan under an open-end credit plan outstanding at the same time; and (iv) filing a legal proceeding against a borrower until 60 days after the date of default on an open-end credit plan, during which period the person and the borrower may voluntarily enter into a repayment arrangement. The measure makes these requirements applicable to any person that makes such an extension of credit over the Internet to Virginia residents or any individuals in Virginia. The measure makes violating requirements applicable to extending credit under an open-end credit plan a prohibited practice under the Virginia Consumer Protection Act.

**6. Budget Amendment Necessary:** Yes, Item 477.

**7. Fiscal Impact Estimates:** Preliminary (see Item 8)

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$65,100	1.0	NGF
2019	\$65,100	1.0	NGF
2020	\$65,100	1.0	NGF
2021	\$65,100	1.0	NGF
2022	\$65,100	1.0	NGF
2023	\$65,100	1.0	NGF
2024	\$65,100	1.0	NGF

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	\$65,100	1.0
2019	\$65,100	1.0
2020	\$65,100	1.0
2021	\$65,100	1.0
2022	\$65,100	1.0
2023	\$65,100	1.0
2024	\$65,100	1.0

- 8. Fiscal Implications:** For FY 2018, the SCC estimates one position to receive and investigate license applications (\$65,100). The revenues generated by the SCC's charging nonrefundable license fees would be used to offset the costs associated with the operation of this program. However, if sufficient licensing fees are not collected, the SCC would have to redirect other resources from other regulated industries to implement this program and support the position.

The legislation does not provide the SCC authority to conduct examinations or investigations of any entity that becomes licensed to engage in the business of extending credit under an open-end credit plan to Virginia residents.

If the legislation were to include language requiring the SCC to examine and investigate the licensees once every three years (similar to consumer finance, payday lending, and motor vehicle title lending chapters) and assuming open-end credit industry yields a similar number of licensees as consumer finance, payday and motor vehicle title lending, at least one senior financial analyst and one assistant financial analyst would be needed to conduct examinations of this industry.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.