

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: HB1296

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

2. Patron: Dan I. Helmer

3. Committee: Labor and Commerce

4. Title: Motor vehicle title loans, payday loans, consumer finance loans, and open-end credit plans; interest rate.

5. Summary: Caps the rate of interest that may be charged on motor vehicle title loans, payday loans, and open-end credit plans at an annual rate that is 25 percent higher than the federal funds rate in effect on the date the loan was made. The bill prohibits a lender from charging a membership fee, participation fee, or transaction fee in connection with any such extension of credit. The bill also imposes the same maximum interest rate on loans made by a licensed consumer finance company and eliminates the existing provision that permits such licensed companies to charge any agreed-upon amount of interest on consumer finance loans over \$2,500. The measure caps the allowable amount of repossession and sales fees in connection with a motor vehicle title loan; imposes restrictions on open-end lending; and prevents payday lenders and other lenders from using a credit services business license to extend credit that is for less than \$5,000, has a term of less than one year, is provided under an open-end credit plan, or has an interest rate that exceeds 36 percent per year. A violation of the open-end lending provisions is made a prohibited practice under the Virginia Consumer Protection Act.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: None.

8. Fiscal Implications: The Office of the Attorney General and Department of Law and State Corporation Commission indicate this bill has no fiscal impact.

9. Specific Agency or Political Subdivisions Affected: Office of the Attorney General and Department of Law, State Corporation Commission

10. Technical Amendment Necessary: No.

11. Other Comments: