

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: SB37

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: Surovell

3. Committee: Commerce and Labor

4. Title: Open-end credit plans; civil penalty.

5. Summary: Requires that any person engaged in the business of extending credit under an open-end credit plan under which interest is charged at an annual rate that exceeds 36 percent obtain a license to do so from the State Corporation Commission. The measure prohibits a person licensed as a motor vehicle title lender from extending credit under an open-end credit plan and prohibits a third party from making open-end credit loans in the office of a licensed motor vehicle title lender. The measure prohibits a person that extends credit under an open-end credit plan under which interest is charged at an annual rate that exceeds 36 percent 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) 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; or (iv) causing a person to be obligated to the licensee for a principal amount that exceeds \$500. The measure also makes it a prohibited practice under the Virginia Consumer Protection Act to violate the requirements applicable to extending credit under an open-end credit plan.

6. Budget Amendment Necessary: The State Corporation Commission would likely need additional appropriation for potential costs associated with implementation of the legislation, to be paid from the SCC's Bureau of Financial Institution's Special Fund (all non-general funds). See item 8.

7. Fiscal Impact Estimates: Fiscal impact estimates are not available. It is possible that costs could be significant to the State Corporation Commission. See item 8.

8. Fiscal Implications: The State Corporation Commission (SCC) does not have sufficient data to reliably estimate the number of entities that would apply for and ultimately become licensed under the provisions of the proposed legislation. The SCC would request additional appropriation to hire staff to investigate license applications and/or handle consumer complaints if the responsibilities for completing these tasks cannot be absorbed by existing staff. 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. If the licensing fees

collected are not sufficient, the SCC would have to redirect resources from other regulated industries to implement this program and support the positions.

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

10. Technical Amendment Necessary: No.

11. Other Comments: Although the bill subjects licensees to certain requirements and prohibited practices, it does not require examinations and does not provide the State Corporation Commission or the Commission's Bureau of Financial Institutions authority to impose regulatory action.

01/07/20 EJP