

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0141-01
Bill No.: HB 91
Subject: Savings and Loan
Type: Original
Date: February 27, 2015

Bill Summary: This proposal changes the laws regarding unsecured loans of \$750 or less, commonly known as payday loans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown - Greater than \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(Unknown - Greater than \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the State Courts Administrator** and **Joint Committee on Administrative Rules** each assume the current proposal would not fiscally impact their respective agencies.

Sections 408.500 and 408.505

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this bill is anticipated to have no fiscal impact to the department. If the adoption of the bill results in a reduction of fee revenue from affected entities, the department anticipates it would expend a correspondingly smaller amount to regulate these entities.

Section 408.507

Officials from the **DIFP** assume the cost of the online real web based application is unknown greater than \$100,000. The department may be required to request an additional appropriation through the budget process.

Oversight assumes that the web based application will be contracted out to a third party.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DIFP</u>			
Contracted programming charges for web based application	<u>(Unknown - Greater than \$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown - Greater than \$100,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Lenders of unsecured loans may be impacted by this proposal.

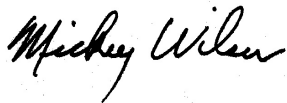
FISCAL DESCRIPTION

This proposal changes the laws regarding unsecured loans of \$500 or less, commonly known as payday loans.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Office of the State Courts Administrator
Attorney General's Office
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
February 27, 2015

Ross Strope
Assistant Director
February 27, 2015