

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 84** SLS 14RS 85

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|---|---------------------------------|
| Date: March 10, 2014 12:19 PM | Author: NEVERS |
| Dept./Agy.: Office of Financial Institutions | Analyst: Travis McIlwain |
| Subject: Consumer Credit Transactions | |

CONSUMERS OR NO IMPACT See Note Page 1 of 1
Provides relative to consumer credit transactions.

Proposed legislation provides that an extender of credit shall not accept a check from the issuer and agree to hold the check for a period of time in exchange for payment to the issuer. Proposed legislation no longer exempts a creditor having no office within Louisiana from the consumer loan licensing requirements in Title 9. Current law allows deferred presentment transactions or small loans to charge a fee not to exceed 16.75% of the face amount of the check provided that such fee does not exceed \$45. Proposed legislation amends current law to provide that the fees associated with deferred presentment be 36% annually. Proposed legislation prohibits a deferred presentment licensee from making deferred presentment transactions or small loans disguised as personal property sales, consumer credit sales and leaseback transactions, from disguising a deferred presentment transaction or small loan as a revolving line of credit. Proposed legislation provides that the performance of the prohibited acts under LA's Deferred Presentment & Small Loan Act shall constitute a violation of LA's Unfair Trade Practices & Consumer Protection Law.

| EXPENDITURES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. However, this bill will impact how Louisiana licensed lenders make deferred presentment and small loans (payday loans) by reducing the maximum amount of fees and charges.

REVENUE EXPLANATION

This bill does provide for businesses who violate the Deferred Presentment & Small Loan Act will be considered a violation of Louisiana's Unfair Trade Practices & Consumer Protection Law. Pursuant to R.S. 51:52, any violation of the Unfair Trade Practices & Consumer Protection Law is a fine of not more than \$2,500 or imprisoned for not more than 90 days, or both. Decisions on where these fines and penalties are deposited will be made by the courts.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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