

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0136-01
Bill No.: SB 138
Subject: Credit and Bankruptcy; Banks and Financial Institutions; Consumer Protection
Type: Original
Date: January 7, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
0This fiscal note contains 3 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Divisions of Finance and Credit Unions** assume no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could fiscally impact those small businesses that deal with credit transactions.

DESCRIPTION

This proposal would modify the maximum penalties a consumer must pay for late payments on certain credit transactions.

This proposal states that a lender may charge a late payment of 2% (reduced from 5%) of the minimum payment due or \$15 (reduced from \$25), whichever is less on a small loan payment which is fifteen days or more in default. A minimum late charge of \$5 (reduced from \$10) may be made. When the monthly installment due is less than \$25, the maximum late charge that could be charged would be \$2 (reduced from \$5).

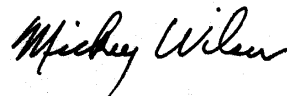
A loan fee for loans other than "open-end credit" that are for thirty days or longer may be charged a maximum loan fee of \$75 (increased from \$50).

In the case of "open-end credit" tied to a transaction account in depository institution, the creditor may charge a credit advance fee of the lesser of \$25 or 5% of the credit advanced and such fee may be added to the open-end credit outstanding with any interest.

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 Economic Development
Division of Finance
Division of Credit Unions



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