

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2680-01
Bill No.: SB 880
Subject: Credit and Bankruptcy; Banks and Financial Institutions; Consumer Protection
Type: Original
Date: January 7, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Finance (DED-FIN)** stated this proposal imposes no new duties, therefore there is no fiscal impact to DED-FIN.

Officials from the **Department of Economic Development - Division of Credit Unions** indicated their agency may be involved in enforcement of the proposal, but there would be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

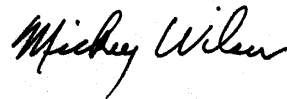
This proposal modifies the maximum penalties a consumer must pay for late payments on certain credit transactions. A lender may charge a late payment of 2% of the minimum payment due or \$15, whichever is greater, on a small loan payment which is fifteen days or more in default. A minimum charge of \$5 is allowed. Charges assessed by an institution for processing a refused instrument plus a handling fee shall not exceed \$5 (reduced from \$25).

This proposal also modifies the late charge on retail credit sales. The maximum late charge that can be charged is \$5 (reduced from \$10) or \$2 (reduced from \$5) when the monthly installment due is less than \$25. In addition, the charges assessed by any institution for processing a refused instrument plus a handling fee may not exceed \$5 (reduced from \$15).

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



Mickey Wilson, CPA
Director
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