



## Fiscal Estimate Narratives

DFI 2/27/2009

LRB Number	<b>09-0859/1</b>	Introduction Number	<b>AB-0055</b>	Estimate Type	<b>Original</b>
<b>Description</b> Finance charges for certain motor vehicle title and payday loans					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a maximum finance charge of 2% per month for certain motor vehicle title and payday loans and requires the Department to enforce the provisions of the bill. Lenders covered by the provisions of this bill are currently licensed and regulated as licensed lenders.

Currently, these lenders charge over 500% APR for these types of loans. Given the parameters of this bill, it is likely that these lenders would choose not to be licensed by the state, and either discontinue operations or operate without a license. Assuming 500 lenders would no longer be licensed, with an annual renewal rate of \$500, and an estimated additional \$40,000 associated with fees not received from potential new licensees, annual license revenue would be reduced by \$290,000.

Costs associated with these lenders would not measurably be affected as the Department is given responsibility for enforcement of the provisions of this bill and would need to maintain a reasonable level of complaint resolution and enforcement activity.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 09-0859/1		<b>Introduction Number</b> AB-0055	
<b>Description</b> Finance charges for certain motor vehicle title and payday loans			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		-290,000
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-290,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-290,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
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		<b>Date</b>	
		2/27/2009	