

## Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-1042/4</b>	<b>Introduction Number</b> <b>AB-0150</b>	
<b>Description</b> Interest rates on payday loans and loans by licensed lenders		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b>		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.144(1)(g)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DFI/ Susan Dietzel (608) 267-0399	Susan Dietzel (608) 267-0399	5/26/2011

## Fiscal Estimate Narratives

DFI 5/26/2011

LRB Number	11-1042/4	Introduction Number	AB-0150	Estimate Type	Original
<b>Description</b> Interest rates on payday loans and loans by licensed lenders					

### Assumptions Used in Arriving at Fiscal Estimate

This bill makes changes to the requirements for lenders licensed under s. 138.14 and s. 138.09. For loans made under s. 138.14 (payday loans), it limits the annual percentage rate to 36%. It also expands the definition of a licensed lender under s. 138.09 to include lenders (who are not otherwise exempt) who make consumer loans exceeding \$5,000 and prohibits lenders from charging an annual percentage rate of interest greater than 36% on closed end loans.

There are currently 474 licensed payday lenders licensed under s. 138.14. These lenders typically make loans well above 36%. Additionally, there are an estimated 500 lenders licensed under s. 138.09 that have been identified as making shorter term, higher interest rate loans. It is possible these 974 licensees will either discontinue operations, operate illegally without a license, or change their business model to make loans that fall outside of the requirements of s. 138.09 or s. 138.14 (open end credit, for example).

Estimated revenue reduction:

974 x \$500 annual renewal = \$487,000

New licensees not licensed = \$25,000

Total estimated reduction in revenue = \$512,000

Costs associated with these lenders would not measurably be affected as the Department would still need to maintain a reasonable level of complaint resolution and enforcement activity.

### Long-Range Fiscal Implications