

March 23, 2015

The Honorable Mario Goico, Chairperson
House Committee on Veterans, Military and Homeland Security
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Goico:

SUBJECT: Fiscal Note for HB 2334 by House Committee

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2334 is respectfully submitted to your committee.

HB 2334 would amend the Uniform Consumer Credit Code related to cash advance consumer loan requirements, as administered by the Office of the State Bank Commissioner. The bill would make the following changes:

1. A supervised lender could charge up to 15.0 percent for cash advances of up to \$1,000. The current limit is \$500;
2. The existing minimum term limit would be changed from seven days to no less than 60 days for any cash advance of less than \$500 and no less than 120 days for an advance equal to or greater than \$500;
3. Any lender would be restricted to one loan outstanding to the same borrower at any one time, and could not make more than three loans to any one borrower within a 60 calendar day period. The current time limit is 30 days; and,
4. Any consumer loan transaction would become due on the first day of the expiration of the minimum term. If the borrower no longer receives such compensation, the loan would become due seven days after the expiration of the minimum term.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	(\$210,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

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The Office of the State Bank Commissioner estimates that the volume of payday loan transactions would decrease up to a maximum of 50.0 percent as a result of the passage of HB 2334 because the maximum number of payday loans would be restricted to three loans every 60 days rather than three loans every 30 days. The change would reduce fee fund revenue by \$210,000 in FY 2016. The rise and fall of consumer demand for loan products makes it difficult to estimate the fiscal effect beyond FY 2016. Any fiscal effect associated with HB 2334 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Judi Stork, Banking