

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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**Action:** Do Pass as Amended and Be Printed Engrossed

**Vote:** 4 - 1 - 0

**Yeas:** Avakian, Gordly, Monroe, Prozanski

**Nays:** Beyer

**Exc.:** 0

**Prepared By:** Anna Braun, Administrator

**Meeting Dates:** 3/21, 5/30

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**WHAT THE MEASURE DOES:** Makes distinctions between consumer finance loans and short term payday or title loans. Requires license. Requires licensee to have 90 percent of loans longer than six months, underwritten and amortized. Authorizes Department of Consumer and Business Services (DCBS) regulation. Declares an emergency, effective July 1, 2007.

**ISSUES DISCUSSED:**

- Rulemaking authority
- Loopholes in payday loan regulation

**EFFECT OF COMMITTEE AMENDMENT:** Deletes definitions for consumer finance loan and consumer finance loan license. Adds definition for consumer finance licensee and revises short term license definition. Changes terminology from granting loans to making loans. Changes references from lender to licensee. Changes wording regarding DCBS authorization to adopt rules. Removes requirement that current licensees apply for proper license within 30 days based on previous year's lending activity.

**BACKGROUND:** SB 1105, enacted in the 2006 Special Session, regulated payday lenders. Since that time some lenders have been applying for conventional lending licenses to evade the payday loan regulations. HB 2205 B codifies the rules that were adopted by the Department of Consumer and Business Services in December 2006 to provide distinctions between consumer finance loans and short term payday or title loans.