

HB 3184 A STAFF MEASURE SUMMARY

Carrier: Rep. Alonso Leon

House Committee On Business and Labor

Action Date: 04/03/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Authorizes Department of Consumer and Business Services to develop and implement payday and title loan tracking system that includes a loan counseling component for consumers. Prohibits payday loan or title loan licensees from charging consumer any amount to recover cost licensee pays to access loan tracking system. Becomes operative July 1, 2018. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Prior legislation regulating payday and title loan terms and rates
- Application limited to payday and title loan lenders
- Importance of financial literacy programs
- Whether consumer loan counseling should be mandatory before consumer takes out certain type of loan

EFFECT OF AMENDMENT:

Replaces original measure.

BACKGROUND:

Payday loan and title loan lenders must be licensed by the Department of Consumer and Business Services (DCBS). Any such loan made by someone not licensed by DCBS is nullified. The interest rate and certain terms of these loans are regulated by statute and administrative rule. House Bill 3184-A allows DCBS to make available a loan tracking system to payday and title loan lenders that would include a consumer loan counseling component. The Department may choose to contract with a public or private entity to develop the loan tracking system and/or develop the loan counseling program that will be available through the system.