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FISCAL IMPACT REPORT

SPONSOR: Begaye DATE TYPED: 03/05/01 HB 705
 SHORT TITLE: Refund Anticipation Loan Act SB _____
 ANALYST: Valdes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Regulation and Licensing Department

SUMMARY

Synopsis of Bill

According to the Regulation and Licensing Department, House Bill 705 requires additional and duplicative licensure for any small loan company already licensed pursuant to the New Mexico Small Loan Act of 1955, if the small loan company engages in making refund anticipation loans to consumers in New Mexico.

Significant Issues

The department identified the following significant issues regarding this bill:

A few small loan companies currently licensed pursuant to the New Mexico Small Loan Act of 1955 would be affected.

The bill places limitations on the annual percentage rate and the finance charge that lenders may charge on refund anticipation loans.

The bill also contains penalties where the lender may have to refund double the amount of fees collected or received.

This bill requires an annual license fee for a refund anticipation loan creditor of \$400 for the principal place of business and \$400 for each branch maintained in the state.

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Maximum fees established in the bill are:

- c \$90 to prepare and file a state and federal income tax return;
- c \$90 as a refund loan anticipation fee;
- c An annual percentage rate calculated pursuant to the bill cannot exceed 120 percent; and
- c The Financial Institutions Director, by rule, may adjust the maximum fee established in the bill upon a finding that the adjusted fee more accurately compensates a creditor for the actual services rendered.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 705 is a duplicate of Senate Bill 322.

According to the department, this bill duplicates licensure for a few small loan companies. The fee provisions in the bill conflict with the New Mexico Small Loan Act of 1955, the New Mexico Bank Installment Loan Act of 1959 and the general laws governing Money, Interest and Usury. The bill also does not require lenders to fully comply with the minimum requirements set forth in the federal truth-in-lending laws.

MV/ar