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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07

SPONSOR Maestas LAST UPDATED _____ HB 1224

SHORT TITLE Small Loan-Provision of Info on Financial Literacy SB _____

ANALYST C. Sanchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Attorney General's Office (AGO)

Financial Institutions Division (FID)

SUMMARY

Synopsis of Bill

House Bill 1224 amends the Small Loan Act (Act) to require all lenders subject to the Act to provide information on financial literacy courses to a consumer at the time a consumer enters a short-term loan agreement with the lender.

SIGNIFICANT ISSUES

The statute does not provide details, such as: (1) who will provide the names of entities providing financial literacy courses to the small loan businesses who then in turn will be required to provide that information to consumers under this provision, (2) what the required content would be for these courses; (3) who may provide these financial literacy courses, and what the criteria would be to select those providers, and (4) who will oversee the conduct of these providers.

OTHER SUBSTANTIVE ISSUES

In a study conducted by the Ariel Mutual Funds/ Charles Schwab & Co. 43% of minority workers described their personal knowledge of investing or saving as “knowing nothing,” compared with 12% of all workers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Lenders will not be required to provide information on financial literacy courses to a consumer at the time a consumer enters a short-term loan agreement with the lender.

CS/nt