

January 25, 2013

The Honorable Rob Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 225-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 30 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 30 is respectfully submitted to your committee.

SB 30 would amend the Kansas Uniform Consumer Credit Code to prevent supervised lenders from making payday loans to a consumer that already has two outstanding payday loans with any lender. The bill puts restrictions on the amount of consecutive loans that are allowed between a particular lender and borrower. The Division of Consumer and Mortgage Lending of the Office of the State Bank Commissioner would be required to establish an internet database for compiling loan information from all lenders and to ensure compliance with the requirements of the bill. The bill allows the Division of Consumer and Mortgage Lending to hire a third party vendor to set up and maintain the internet database and to impose a transaction fee of up to \$1 to be paid for by each lender that is required to access the database prior to making a new payday loan.

The Office of the State Bank Commissioner indicates that it would contract with a software company to implement the internet database requirements of SB 30. The agency does not have data on the potential costs associated with setting up and maintaining the internet database and cannot provide a precise fiscal effect. However, the potential costs associated with setting up and maintaining the internet database would be offset by the transaction fee collected on payday lenders. The agency indicates that it would also revise its examination procedures for payday lenders to incorporate the requirements of the bill; however, those costs are estimated to be negligible. Any fiscal effect associated with SB 30 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Diane Bellquist, Banking