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Senate Bill 489 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Bill Bullard, Jr.
Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Regulatory Loan Act to do the following:

- Allow a licensee to conduct business at more than one location under a single license.
- Require a licensee to have a net worth of at least \$100,000 (instead of liquid assets of at least \$50,000 for each location).
- Replace the current license fee with an operating fee that would be set by the Commissioner of the Office of Financial and Insurance Services (OFIS) based upon a licensee's business activities in the previous year.
- Delete the current examination fee.
- Allow the transfer or assignment of a license with the approval of the Commissioner.
- Permit the Commissioner to investigate the activities of a licensee at any time, and require the Commissioner to examine the books, accounts, records, and files of a licensee at least every five years (instead of at least every two years).
- Require licensees to report annually, instead of every three years.
- Allow licensees to charge a maximum loan processing fee of 5% of the principal, up to \$250, instead of 2% of the principal, up to \$40, and require the limit to be adjusted every two years based on changes in the U.S. consumer price index.
- Delete the \$5 limit on the handling fee that licensees may charge for dishonored checks.
- Specify additional amounts that licensees could recover from borrowers.
- Delete requirements that the Commissioner send copies of rules to licensees, and certified copies of his or her orders to people requesting them.
- Authorize the Commissioner, instead of the Attorney General, to bring actions under the Act.

MCL 493.1 et al.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would change the fee structure for these licenses by eliminating the examination fee and changing the application fee to an operating fee which would be based on the previous year's activity for a licensee as opposed to the current flat fee. What the exact fiscal changes would be is difficult to determine as exact operating figures for a licensee could only be estimated at this time. According to the OFIS, there are approximately 45 businesses currently eligible for these licenses.

Additionally, this bill would delete the requirement that copies of rules and orders be sent to either licensees or those requesting them. This change could result in some administrative savings to the OFIS.

Date Completed: 6-26-01

Fiscal Analyst: M. Tyszkiewicz

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Analysis available @ <http://www.michiganlegislature.org>

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