

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 430
Finance

(Senator Currie)

Credit Regulation - Short-Term Small Consumer Loan Study Commission

This bill establishes a 16-member Short-Term Small Consumer Loan Study Commission. The commission is required to: (1) determine the need for short-term, small consumer loans in Maryland; (2) identify reasons why traditional lenders may not be fully meeting the need for these loans; (3) evaluate alternatives to help meet the need for these loans; (4) evaluate the services provided by the check cashing industry to Maryland consumers and determine whether the public need for check cashing services is being met by that industry; and (5) determine the impact of the State's check cashing services laws on that industry and the delivery of check cashing services to consumers.

The Department of Legislative Services (DLS) is required to staff the commission. The commission is required to report on its recommendations, including proposed legislation, if any, by December 1, 2004. The recommendations may not include increasing allowable fees charged by licensed check cashing services. The bill is effective June 1, 2003 and terminates December 31, 2004.

Fiscal Summary

State Effect: Any staffing requirements could be handled within the existing resources of DLS.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Under Maryland law, the maximum permissible annual interest rate for small loans (under \$6,000) varies with the amount of the loan, up to 33%. The maximum duration for such loans also varies with the amount of the loan, up to 72 months and 15 days.

Background: Chapter 630 of 2001 created a 14-member Short-Term Small Consumer Loan Study Commission. That commission was to: (1) determine the need for short-term, small consumer loans in Maryland; (2) identify reasons why traditional lenders may not be fully meeting the need for these loans; and (3) evaluate alternatives to help meet the need for these loans. The commission established in Chapter 630 was never appointed. The provisions of Chapter 630 that established the study commission terminated December 31, 2001.

Additional Information

Prior Introductions: Similar bills, SB 591 and HB 1264, were introduced in the 2002 session. SB 591 was amended in the Senate, where it passed third reading (identical to this bill). Both SB 591 and HB 1264 were heard in the Commerce and Government Matters Committee but neither bill was reported to the floor.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 12, 2003
lc/jr

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