

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 234
Economic Matters

(Delegates Bobo and McIntosh)

Credit Regulation - Short-Term Small Consumer Loan Study Commission

This bill establishes an 18-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 June 1, 2006.

The bill takes effect June 1, 2005 and terminates June 30, 2006.

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 2003 and 2002 sessions. SB 430 of 2003 received an unfavorable report from the Finance Committee. SB 591 of 2002 passed in the Senate and was referred to the Commerce and Government Matters Committee in the House. Both SB 591 and HB 1264 of 2002 were heard in the Commerce and Government Matters Committee but no further action was taken on either bill.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2005
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