

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 696
Economic Matters

(Delegates Bobo and McIntosh)

Credit Regulation - Short-Term Small Consumer Loan Study Commission

This bill establishes a Short-Term Small Consumer Loan Study Commission 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, 2007.

The bill takes effect June 1, 2006 and terminates June 30, 2007.

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 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: A similar bill, HB 234 of 2005, received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2006
ncs/ljm

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510