

March 26, 2015

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 100 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 100 is respectfully submitted to your committee.

Current law for closed-end consumer loans not secured by a mortgage allows a finance charge of up to 36.0 percent on an unpaid balance of less than \$860 and a finance charge of up to 21.0 percent on an unpaid balance over \$860. SB 100 would set a single finance charge for all closed-end consumer loans not secured by a mortgage of up to 36.0 percent for all unpaid balances. In addition, the bill would exempt federally insured government loan programs from the definition of a consumer loan.

According to the Office of the State Bank Commissioner, enactment of the bill would have no fiscal effect on the agency. However, the bill would allow for an increased finance charge cap (from 21.0 percent to 36.0 percent) of loan balances over \$860. Consumers could see an increase in borrowing costs as a result of the enactment of the bill.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Judi Stork, Banking Commission