

LFC Requester:	Clint Elkins
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original	<input type="checkbox"/>	Amendment	<input type="checkbox"/>	Date	<u>March 4, 2015</u>
Correction	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Bill No:	<u>HB 425s</u>

Sponsor:	<u>Rep. Patricia A. Lundstrom</u>	Agency Code:	<u>Attorney General's Office</u>
Short Title:	<u>Limit Certain Loan Fees and Charges</u>	Person Writing	<u>Bridget Mullins, AAG</u>
		Phone:	<u>800-2089</u>
		Email	<u>bmullins@nmag.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

BILL SUMMARY

Synopsis: HB 425 imposes certain fee limitations on Bank Installment Loans, Installment Loans and Short-term Installment Loans.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

The biggest issue with this bill is that it obfuscates the cost of credit to the point that it is very difficult to discern what are the permissible interest rates and charges for the different products. The wording of the fee cap provisions will make enforcement of the statute very difficult because potential violations would have to be determined based on assessment of individual loan files instead of clear disclosures of interest rates that is currently required under the Small Loan Act through the Financial Institutions Division. Additionally, by terming the costs of the loan as fees and charges instead of interest may mislead the borrower as to what the real interest rate is on the loan product and could lead to potential Truth In Lending Act conflicts or violations. Finally, the fee caps, especially for the Short-Term Installment Loans may still violate current law as to unconscionable fees and terms.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The companion bill is SB 579. This bill has some overlap with HB 356 and SB 527 that deal with Refund Anticipation Loans. This bill conflicts with HB 24, HB 36, and SB 72.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A