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FISCAL IMPACT STATEMENT

LS 6692
BILL NUMBER: SB 200

NOTE PREPARED: Jan 18, 2024
BILL AMENDED: Jan 18, 2024

SUBJECT: Nonprofit Loan Center Loans for State Employees.

FIRST AUTHOR: Sen. Deery
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that not later than: (1) September 1, 2024, in the case of a state agency other than a state educational institution or a school corporation; (2) September 1, 2025, in the case of a state agency that is a state educational institution; or (3) September 1, 2026, in the case of a state agency that is a school corporation; a state agency shall partner with each nonprofit loan center (NLC) operating in Indiana to become a participating employer in the NLC's nonprofit loan center program (NLC program) by offering voluntary payroll deductions for eligible full-time employees to make payments toward the balance of a nonprofit loan center loan (NLC loan) made by a nonprofit loan center lender (NLC lender).

The bill provides that after becoming a participating employer in an NLC program, a state agency shall allow an eligible employee to: (1) voluntarily request and establish payroll deductions for an NLC loan at any time; and (2) revoke the employee's authorization for payroll deductions for an NLC loan at any time; including any time that falls outside a designated open enrollment period for employee benefits.

It defines an "NLC loan" as a loan that meets certain requirements with respect to the principal amount, loan term, finance charge, authorized fees, method of repayment, and other loan terms. It authorizes the State Comptroller to authorize the electronic transfer of funds from the state treasury to a designated NLC lender in payment of an NLC loan on behalf of an eligible employee who has voluntarily given the State Comptroller written authorization, through the eligible employee's employing state agency, to make the transfer. The bill also specifies that: (1) a loan made under the bill's provisions; or (2) a person that makes a loan under the bill's provisions; is subject to the requirements of the Uniform Consumer Credit Code chapter governing consumer loans.

The bill also provides that a depository institution may make a loan under the same terms and conditions that apply with respect to a nonprofit loan center loan to an employee of: (1) a state agency; or (2) any other employer; as long as the loan is made in compliance with any applicable law. It allows a wage assignment to be made for the purpose of making payment to a depository institution in repayment of a loan that is made to the employee by the depository institution under the same terms and conditions that apply with respect to an NLC loan. It also authorizes the electronic transfer of funds from the State Treasury on behalf of an employee of a state agency in payment of a loan made by a depository institution to the employee under the same terms and conditions that apply to an NLC loan.

Effective Date: July 1, 2024.

Explanation of State Expenditures: This bill will increase the workload of all state agencies to partner with each NLC operating in the state for the purposes of offering NLC loans to (1) state employees before September 1, 2024, and (2) state education institution employees before September 1, 2025. Workload increases would continue after these dates, to set up payroll deductions for repayment of NLC loans as the decision to apply for a NLC loan is not limited to annual open enrollment or a qualifying life event. Increases in workload for state agencies and state education institutions are expected to be accomplished within existing resource and funding levels.

(Revised) Additionally, the bill would impact the workload of the State Comptroller to process payroll deduction payments (1) to NLC lenders if a state employee elects to receive a NLC loan and (2) for loans obtained from depository institutions. Increases in workload are within the routine administrative function of the agency and are expected to be accomplished within existing resource and funding levels.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill will increase the workload of school corporations to partner with each NLC operating in the state for the purposes of offering NLC loans to school corporation employees before September 1, 2026. Workload increases would continue after September 1, 2026, to set up payroll deductions for repayment of NLC loans as the decision to apply for a NLC loan is not limited to annual open enrollment or a qualifying life event. Additionally, the bill would impact the workload of local units of government to process payroll deduction payments for loans obtained from other depository institutions.

The bill's impact on local workload is expected to be accomplished within existing resource and funding levels.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: https://www.prosperityindiana.org/CLC

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