

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6397
BILL NUMBER: SB 253

NOTE PREPARED: Dec 19, 2021
BILL AMENDED:

SUBJECT: Small Loan Finance Charges.

FIRST AUTHOR: Sen. Alting
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill changes the current incremental finance charge limits that apply to a small loan to a maximum annual rate. It prohibits making, or taking other actions with respect to, a small loan with a greater rate or amount of interest, or other fees and charges, than allowed under the statute governing small loans. It prohibits a credit services organization from providing certain functions with respect to a small loan and makes a violation a deceptive act.

Effective Date: July 1, 2022.

Explanation of State Expenditures: *Office of the Attorney General (AG):* The bill adds to the list of prohibited acts in financing small loans, potentially increasing the number of violations. Deceptive acts are actionable by either the AG or the consumer. This may lead to a small workload increase for the AG.

Additional Information: The bill changes the limitations on finance charges on small loans to an annual rate of 36%, including all charges and fees. The bill prohibits making, offering, assisting, arranging, or guaranteeing a small loan that exceeds this limit.

Explanation of State Revenues: If the number of deceptive acts increases, revenue to the General Fund would also increase. Under current law, a civil penalty of \$500 is assessed per deceptive act. A penalty of \$5,000 is assessed for each deceptive act committed knowingly. Actual revenue increases are indeterminable.

Court Fee Revenue: If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed

in a city or town court.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Proceeds from the automated record keeping fee (\$20) are deposited into the State User Fee Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

The document storage fee (\$5) is deposited into the clerk record perpetuation fund.

A civil garnishee defendant service fee (\$10) is collected from the filing party for each defendant beyond the first three garnishee defendants cited in the lawsuit. Additionally, document fees (\$1 per page) are charged for preparing transcripts or copies of record or certificate under seal. Both are paid into the general fund of the county in which the court is located.

State Agencies Affected: Office of the Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: Indiana Trial Court Fee Manual.

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