

Regular Session, 2014

SENATE BILL NO. 284

BY SENATOR BROWN

FINANCIAL INSTITUTIONS. Provides relative to deferred presentments and small loans.
(8/1/14)

1 AN ACT

2 To amend and reenact R.S. 9:3578.4(A)(2)(a) and 3578.8(C), and to repeal R.S.
3 9:3578.8(D), relative to the Louisiana Deferred Presentment and Small Loan Act; to
4 provide for interest rates; to provide for duties of the commissioner of the Office of
5 Financial Institutions; to provide for the collection of certain data by the
6 commissioner; to require the commissioner to submit a report to the Louisiana
7 Legislature every two years; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 9:3578.4(A)(2)(a) and 3578.8(C) are hereby amended and reenacted
10 to read as follows:

11 §3578.4. Finance charge and fees

12 A. * * *

13 (2) However, if the loan remains unpaid at contractual maturity, the licensee
14 may charge one of the following:

15 (a) An amount equal to the rate of ~~thirty-six~~ twenty percent per annum for
16 a period not to exceed one year and beginning one year after contractual maturity,
17 the rate shall not exceed eighteen percent per annum.

1 * * *

2 §3578.8. Powers of the commissioner; adoption of rules and regulations

3 * * *

4 C.(1) Beginning January 1, 2013, ~~for a period of one year,~~ **2014**, the
5 commissioner shall collect ~~and compile~~ information and data from licensees
6 concerning the operation, function, and customers of deferred presentment
7 transactions and small loan businesses.

8 (2) The information and data collected by the commissioner from a licensee
9 shall include but not be limited to the following:

10 (a) The number of deferred presentment transactions and small loans issued
11 quarterly.

12 (b) The fees collected quarterly on deferred presentment transactions and
13 small loans.

14 (c) The location of the licensee's business.

15 (d) The number of checks returned unpaid for any reason and the amount of
16 the fee charged by the licensee for such checks.

17 **(3)(a) On March 1, 2016, and every two years thereafter, the**
18 **commissioner shall submit a report to the legislature that shall include a**
19 **summary of the information and data collected for the two previous years.**

20 Section 2. R.S. 9:3578.8(D) is hereby repealed.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Michelle Ducharme.

DIGEST

Brown (SB 284)

Present law provides that in conjunction with a deferred presentment transaction or small loan, a licensee may charge a fee not to exceed 16.75% of the face amount of the check issued or in the case of a small loan, the equivalent rate of interest, provided however that such fee or interest does not exceed \$45.00, regardless of the name or type of charge.

Present law provides that if the loan remains unpaid at contractual maturity, the licensee may charge one of the following:

- (1) An amount equal to the rate of 36% per annum for a period not to exceed one year and beginning one year after contractual maturity, the rate shall not exceed 18% per annum.

- (2) A one-time delinquency charge of five percent of the unpaid amount of the delinquent installment, or \$10.00, whichever is greater.

Proposed law reduces the rate of interest that a licensee may collect after the contract matures for a period of one year from 36% to 20% per annum.

Present law requires the commissioner of the Office of Financial Institutions to collect certain data from the licensees for a period of one year beginning January 1, 2013.

Present law provides that the commissioner shall compile the information collected and submit it, in an aggregate format, to the legislature by April 1, 2014.

Proposed law repeals this provision of present law.

Proposed law provides that beginning January 1, 2014, the commissioner shall collect certain information and data from licensees concerning the operation, function, and customers of deferred presentment transactions and small loan businesses.

Proposed law provides that on March 1, 2016, and every two years thereafter, the commissioner shall submit a report to the legislature that shall include a summary of the information and data collected for the two previous years.

Effective August 1, 2014.

(Amends R.S. 9:3578.4(A)(2)(a) and 3578.8(C); repeals R.S. 9:3578.8(D))