

Legislative Analysis



REPORT ON PAYDAY LOANS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5253 (H-2) as adopted by committee
Sponsor: Rep. Sherry Gay-Dagnogo, M. Ed.
1st Committee: Regulatory Reform
2nd Committee: Ways and Means
Complete to 5-26-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5253 would amend the Deferred Presentment Service Transactions Act to require the director of the Department of Insurance and Financial Services (DIFS) to submit a report on deferred presentment service transactions (commonly known as payday loans) to the House and Senate committees concerned with banking and financial services. The bill would also require DIFS to post an annual report on its website concerning deferred presentment licensees.

The committee report would have to be submitted within 90 days after the bill took effect and would have to include the following information:

- The number of persons engaged in the business of providing deferred presentment service transactions in Michigan on June 30, 2007, and the number of such persons on the last day of the calendar month in which the bill took effect.
- A general report on the business of providing deferred presentment service transactions in Michigan as of the last day of the calendar month in which the bill took effect. This report would have to include information about the number of licensees, the number of customers, and the number and amount of transactions, reported in the following format:
 - A summary of the deferred presentment service transaction program fees received by DIFS.
 - Statewide statistics concerning transaction volumes by month, transaction amounts, fees, and averages, active license locations, the total number of customers of providers, consumer usage of deferred presentment service transactions, and consumer usage of repayment plans.
 - Statistics, reported by zip code, concerning provider locations, identification of the county in which the zip code is located, transaction volumes, total amount of advances, total fees for advances, average advance amounts, average advance fees, and the total number of licensee locations.
- The number of complaints filed with DIFS against licensees in the period from November 28, 2005, to the last day of the calendar month in which the bill took effect.

DIFS would have to publish the annual report on its website beginning January 1, 2021. The report would have to include, for the year preceding its publication date, the number of licensees, customers served, and transactions that took place in Michigan; the number of complaints against licensees and nonlicensees arising from transactions that took place in Michigan; and any additional information that the director of DIFS considered relevant.

The bill would take effect 90 days after its enactment.

MCL 487.2171

BACKGROUND:

The bill would amend a section of the act that required a report to be submitted to the legislature by July 31, 2007. That report included information on the number of persons engaged in the business of providing deferred presentment service transactions in Michigan on the date the act took effect (November 28, 2005) and the number on June 30, 2007. The 2007 report also included a general report on the business of providing deferred presentment service transactions in this state as of June 30, 2007. The committee report proposed by HB 5253 would use as benchmarks these benchmark dates of the 2007 report.

FISCAL IMPACT:

House Bill 5253 would not have a significant fiscal impact on the Department of Insurance and Financial Services.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.