

Legislative Analysis



REPORT ON PAYDAY LOANS

Phone: (517) 373-8080
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House Bill 5253 as referred to second committee

Sponsor: Rep. Sherry Gay-Dagnogo, M. Ed.

1st Committee: Regulatory Reform

2nd Committee: Ways and Means

Complete to 2-19-20

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 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.

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 report proposed by House Bill 5253 would also use as benchmarks these benchmark dates of the 2007 report.

FISCAL IMPACT:

House Bill 5253 would not have a significant fiscal impact on any unit of state or local government.

POSITIONS:

A representative of the Community Development Advocates of Detroit testified in support of the bill. (12-10-19)

The following entities indicated support for the bill (12-10-19):

- Michigan Credit Union League
- Michigan Catholic Conference
- Community Economic Development Association of Michigan
- Center for Civil Justice
- Advance America
- Check 'n Go of Michigan

Legislative Analyst: Rick Yuille
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■ 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.