

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 720</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	<b>NA</b>
<b>Author:</b>	<b>Rep. Kannady</b>
<b>Date:</b>	<b>4/4/2019</b>
<b>Impact:</b>	<b>Consumer Credit</b>
	<b>Revenue Neutral Anticipated</b>

**Research Analysis**

Engrossed SB720 creates the Oklahoma Small Lenders Act, which establishes a framework to license and regulate small loan lenders through the Department of Consumer Credit (ODCC). Existing small loan lenders licensed under the Deferred Deposit Lending Act must make application for licensure under the Oklahoma Small Lenders Act beginning to January 1, 2020 in order to continue in the business of making small loans.

The measure outlines requirements for licensure, limits on loan structure, default procedures, notice requirements, record maintenance and reporting requirements, penalties for violating the act and the fee structure for licensure.

Fees created include a \$700 filing fee, \$500 license fee, \$700 supervision fee and \$550 license renewal fee applicable to each business location offering small loans. Licensees are limited to a periodic interest rate of 17 percent per month and a \$1500 principal loan amount per customer. To ensure that the maximum aggregated principal amount is not exceeded, the licensee must verify outstanding amounts by using a private database approved the ODCC. Furthermore, all small loans executed under the act must be unsecured, have a loan period between 60 days and 12 months, be fully amortized and payable in substantially equal periodic payments and contain no prepayment penalty.

Lastly, the measure bars local government units such as cities, towns and counties from establishing their own regulations for small loans.

Prepared By: Quyen Do

**Fiscal Analysis**

Officials with the Department of Consumer Credit indicate the fee references in the measure are intended to replace revenue from fees will replace lost fee revenue and designed to be revenue neutral.

Prepared By: Mark Tygret

**Other Considerations**

None.

