



Colorado Legislative Council Staff Fiscal Note
NO FISCAL IMPACT

Drafting Number: LLS 11-0334	Date: March 28, 2011
Prime Sponsor(s): Rep. Liston; Riesberg Sen. Heath	Bill Status: House Economic & Business Development Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE NONREFUNDABILITY OF AN ORIGINATION FEE FOR A DEFERRED DEPOSIT LOAN.

Summary of Legislation

For each deferred deposit loan or payday loan, the bill specifies that a lender may charge a *nonrefundable origination fee*, not to exceed 20 percent of the first \$300 loaned plus 7.5 percent of any amount loaned in excess of \$300. The nonrefundable origination fee shall be deemed fully earned as of the date of the deferred deposit loan.

The bill is effective upon signature of the Governor, or upon becoming law without his signature. The bill applies to deferred deposit loans on or after that date.

Assessment

The bill changes one of three fees that are authorized under current law on payday loans by stating that the origination fee is not refundable, even if the loan is prepaid prior to the maturity of the loan term. Terminology in current law is changed from a "finance charge" to a "nonrefundable origination fee," which makes the fee fully earned as of the date of the loan.

The bill affects transactions conducted between private parties and is assessed as no fiscal impact. State and local revenue and expenditures are unaffected by the bill. No further resources will be necessary for the Department of Law to update regulations related to deferred deposit loans.

Departments Contacted

Law