

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 513** HLS 25RS 370

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 2, 2025	11:12 AM	Author: RISER
Dept./Agy.: Office of Financial Institutions		Analyst: Kimberly Fruge
Subject: Louisiana Consumer Alternative Installment Loan Act		

LOAN BROKERS OR +\$334,032 SG EX See Note
Enacts the Louisiana Consumer Alternative Installment Loan Act

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Proposed law creates the Louisiana Consumer Alternative Installment Loan Act; provides that in addition to options provided in current law, on precomputed consumer loans of less than \$5,500, a licensed lender may contract and charge a monthly loan finance charge not to exceed an annual percentage rate of 59% per annum on the unpaid balance of the amount financed; provides for certain rules and regulations of such loans; requires the Office of Financial Institutions to issue a memorandum authorizing a new maximum loan size based on any increase or decrease in the Consumer Price Index (CPI) for All Urban Consumers for the previous calendar year, rounding to the nearest \$10 increment.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$334,032	\$331,858	\$370,114	\$382,502	\$424,753	\$1,843,259
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in a significant increase in SGR expenditures for the Office of Financial Institutions (OFI) to implement the Louisiana Consumer Alternative Installment Loan Act. This measure allows lenders to contract and charge a monthly loan finance charge not to exceed 59% per annum on the unpaid balance of the amount financed for precomputed loans with a value of \$5,500 or less. OFI reports there are over 2,000 consumer loan lenders nationwide that could seek licensure pursuant to proposed law. Assuming 3-4% of these lenders apply for a license with OFI, the agency anticipates needing four (4) Compliance Examiner positions and one (1) Licensing Analyst position. A breakdown of costs for FY 26 is presented in the table below. To the extent the number of lenders seeking a license is significantly different than what is currently anticipated, OFI may require more or fewer than five positions. To the extent the application fees do not cover the increased costs, in whole or in part, SGF may be required.

	Positions	Salary	Related Benefits	Equipment	Total
Compliance Examiner	4	\$40,144	\$26,030	\$2,000	\$272,696
License Analyst	1	\$35,069	\$24,267	\$2,000	\$61,336
Total					\$334,032

Note: Ensuing fiscal years factors in a market rate compensation increases and eliminates the one-time equipment cost.

REVENUE EXPLANATION

Proposed law will likely result in an increase in SGR revenues for the Office of Financial Institutions (OFI) as a result of an increase in the number of lender license applications pursuant to consumer loans. The fiscal impact will depend on the number of new applications and renewals each year. OFI provides the following estimation, based on a 3-4% of the over 2,000 consumer loan lenders nationwide applying each year. To the extent the number of lenders applying is significantly different than what is estimated here, revenues will increase or decrease accordingly.

	New Applicants	Fee	Renewals	Fee	Total
FY 26	87	\$650	25	\$500	\$69,050
FY 27	65	\$650	95	\$500	\$89,750
FY 28	87	\$650	132	\$500	\$122,550
FY 29	65	\$650	188	\$500	\$136,250
FY 30	87	\$650	224	\$500	\$168,550

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer