

SCS SB 254 -- FEES ON SMALL LOANS

SPONSOR: Pearce

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Financial Institutions by a vote of 18 to 0.

On small loans that are open-end credit contracts tied to a transaction account in a depository institution, the creditor can currently charge a credit advance fee of the lesser of \$25 or 5% of the credit advanced. The substitute allows the creditor to charge the lesser of \$75 or 10% of the credit advanced.

PROPONENTS: Supporters say that nationally chartered banks can already charge fees at this rate and the bill gives parity to state chartered banks. These small unsecured loans are expensive for banks to process and the rate changes allow banks to continue making these loans.

Testifying for the bill were Representative Crawford; and Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.