

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3826-01
Bill No.: HB 1843
Subject: Banks and Financial Institutions; Public Assistance; Department of Social Services
Type: Original
Date: March 17, 2008

Bill Summary: This legislation requires payday loan lenders to conspicuously display in the lobby a brochure detailing the eligibility requirements for the Missouri Food Stamp Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$13,545)	(\$13,951)	(\$14,369)
Total Estimated Net Effect on General Revenue Fund	(\$13,545)	(\$13,951)	(\$14,369)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of \$13,545 in FY09, \$13,951 in FY10 and \$14,369 in FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services** assume the proposal requires the Family Support Division (FSD) to provide a brochure detailing the eligibility requirements for the food stamp program to every pay-day-loan lender. The FSD also has the option of providing the lenders with food stamp applications and instructions. There will be a cost to print the brochures and the food stamp applications and instructions.

The FSD estimates that there are 2,000 pay-day-loan offices in the state of Missouri. It is estimated that each pay-day-loan office would get a supply of 100 brochures, for a total printing of 200,000 brochures (one time). The cost of printing this initial supply of brochures is \$3,800. The FSD anticipates having to print this brochure two times in a year, for an annual cost of $\$3,800 \times 2 = \$7,600$.

If the FSD decides to provide each pay-day-loan lender with food stamp applications and instructions, 200,000 total, the one-time cost would be \$9,745 (\$3,920 application cost + \$5,825 instruction cost). The FSD anticipates having to print Food Stamp application forms and instructions twice a year, for a total annual cost of: $\$9,745 \times 2 = \$19,490$.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The FMAP used in the DOS response is a 50/50 split between General Revenue Funds and Federal Funds.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Brochures Costs	(\$3,800)	(\$3,914)	(\$4,031)
Application & Instruction Costs	<u>(\$9,745)</u>	<u>(\$10,037)</u>	<u>(\$10,338)</u>
<u>Total Costs - DSS</u>	<u>(\$13,545)</u>	<u>(\$13,951)</u>	<u>(\$14,369)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$13,545)</u>	<u>(\$13,951)</u>	<u>(\$14,369)</u>

FEDERAL FUNDS

Income - Department of Social Services

Federal Assistance	\$13,545	\$13,951	\$14,369
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Costs - Department of Social Services

Brochures Costs	(\$3,800)	(\$3,914)	(\$4,031)
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Application & Instruction Costs	(\$9,745)	(\$10,037)	(\$10,338)
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<u>Total Costs - DSS</u>	<u>(\$13,545)</u>	<u>(\$13,951)</u>	<u>(\$14,369)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

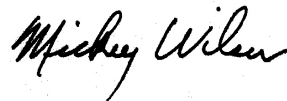
FISCAL DESCRIPTION

The proposed legislation requires lenders of unsecured loans of \$500 or less, commonly known as payday loans, to conspicuously display in the lobby of their business establishment a brochure, provided by the Family Support Division of the Department of Social Services, regarding information on and the eligibility requirements for the Missouri Food Stamp Program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions & Professional Registration
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 17, 2008