

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7803

BILL NUMBER: HB 1705

DATE PREPARED: Apr 18, 2001

BILL AMENDED: Jan 31, 2001

SUBJECT: Financial and Consumer Entity Regulation.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill updates consumer law and financial institution law references to federal law. The bill specifies that rental purchase agreements do not apply to motor vehicles. It provides for notice to the department of financial institutions if certain events happen to an entity. The bill also allows the director of financial institutions to require evidence of licensee compliance for certain licensees. The bill allows the director of financial institutions to obtain criminal history reports for certain licensees. This bill also allows a bank or trust company to act as an agent or broker for an insurance company in other states. It allows an out of state financial institution to convert to a state chartered commercial bank. The bill makes certain changes to filing requirements with the secretary of state and the department of financial institutions. This bill also allows a savings bank to act as an agent or broker for an insurance company in other states. It makes a change to a provision regulating credit unions to comply with federal law. It requires uninsured financial institutions to notify the department of financial institutions when a crime has occurred. The bill allows financial institutions to do a reverse stock split. The bill allows financial institutions to engage in expanded financial activities through subsidiaries. This bill limits certain additional pawnbroker fees. The bill also makes technical corrections.

Effective Date: July 1, 2001.

Explanation of State Expenditures: There may be some additional administrative expenses incurred to the Department of Financial Institutions, however fees from inspection should be able to cover the expenses. Any impact would be minimal.

Explanation of State Revenues: (Revised) If a credit union is denied by the Department of the request to exercise rights and privileges that are granted to federal credit unions, the credit union may appeal the decision of the Department to the circuit court of jurisdiction. The filing fee for a civil action in a trial court is \$100. Of this fee, 70%, or \$70, is deposited in the State General Fund if the case is filed in a trial court.

Explanation of Local Expenditures: (Revised) The operating expenses of the trial courts are paid by the County General Fund.

Explanation of Local Revenues: (Revised) If a case is filed in a trial court, the County General Fund receives 27%, or \$27, of the filing fee. The other 3%, or \$3, is deposited in the General Fund of the cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a circuit, superior, county, or municipal court located in the County.

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources: Phil Goddard, Indiana Department of Financial Institutions, (317) 232-5837; 1999 *Indiana Judicial Service Report, Volume I, p. 77.*