



## Detailed Fiscal Analysis

### Ohio Consumer Installment Loan Act license

The bill creates the Ohio Consumer Installment Loan Act (OCILA) for a person engaged in the business of lending money that includes any credit transaction with a loan term more than six months. The responsibility for overseeing the provisions contained in the bill and the annual license would fall to the Consumer Finance section of the Division of Financial Institutions within the Department of Commerce (COM).

Under the bill, a person who would be licensed to conduct the type of business under the OCILA would currently be licensed by the Division under a different Consumer Finance license under the Ohio Mortgage Loan Act (OMLA). According to COM, an estimated 200 current licensees will either (1) surrender their OMLA license and apply for a license under OCILA or (2) maintain both license types. Under the first scenario, there could either be an increase or decrease in license revenue depending on what license the person is switching from. Under the second scenario, where a licensee opts for one of the existing licenses as well as the new OCILA license, there would some gain in license fee revenue. The OCILA license is valid for one year. The bill establishes a \$200 nonrefundable investigation fee and a \$300 annual registration fee. Fees are deposited into the Consumer Finance Fund (Fund 5530). The table below shows the Consumer Finance licenses issued by the Division over the previous three fiscal years from FY 2014-FY 2016 and the associated fees.

<b>Consumer Finance Licenses, FY 2014-FY 2016</b>				
<b>License Type</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>License Fee</b>
Check Cashers	912	883	850	\$500-\$1,250
Credit Service Organizations	45	51	56	\$100
Loan Originators	5,710	7,210	8,797	\$150
Loan Originators – Temporary	3	0	0	\$150
Mortgage Bankers	389	471	570	\$350
Mortgage Brokers	538	640	698	\$500
Mortgage Loan Originators	2,658	3,423	4,994	\$150
Mortgage Loan Originators – Temporary	0	1	0	\$150
Pawnbrokers	328	319	317	\$300-\$600*
Precious Metal Dealers	123	101	133	\$300
Premium Finance Lenders	43	47	53	\$375
Short-Term Lenders	0	0	0	\$500-\$1,000
Small Loan Licenses	202	189	169	\$300
<b>TOTAL</b>	<b>10,951</b>	<b>13,335</b>	<b>16,637</b>	

\*Pawnbroker license is renewed biennially.

Although the volume of new licenses might not increase as a result of the changes in the bill, the Division could incur some negligible additional administrative costs to administer the new license. This would include adopting rules, establishing a license application, developing an annual report, and conducting investigations and inspections of licensees. However, any costs the Division might incur for administering the new license will at least be partially offset by investigation and license fees listed above. The bill also requires applicants to pay any of the actual expenses of the investigation when those expenses exceed \$200. The Division may also require an assessment if the amount of renewal fees collected is less than the estimated expenditures of the Division. Lastly, the Division may impose a fine up to \$25,000 if a licensee commits a violation.

Fees, assessments, and fines will be deposited into Fund 5530. In FY 2016, revenue deposited into Fund 5530 was approximately \$4.7 million, a 20.5% increase over FY 2015 revenue of \$3.9 million. Actual spending in FY 2016 was \$3.2 million, a decrease of 8.6% over FY 2015 spending of \$3.5 million.