

CONFERENCE COMMITTEE ON SB 171A

May 18, 2001
2:45 p.m.

Hearing Room 343
Tapes 3 - 4

MEMBERS PRESENT: **Sen. John Minnis, Chair**
 Rep. Max Williams
 Rep. Kathy Lowe
 Rep. Lane Shetterly
 Sen. Ginny Burdick

MEMBER EXCUSED: **Sen. Roger Beyer**

STAFF PRESENT: **Marilyn Odell, Counsel**
 Patsy Wood, Administrative Support

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 3, A		
003	Chair Minnis	Calls the meeting to order at 2:45 p.m. and opens a work session on SB 171A that revises Article 9 Uniform Commercial Code regulating secured transactions.
<u>SB 171A WORK SESSION</u>		
008	Chair Minnis	Reminds the committee of the actions taken at the previous meeting on SB 171A and explains the -A18, and -A19 amendments that address the changes discussed, and the A21 conflict amendments. (EXHIBITS A, B and C).
050	James Krueger	Program Manager, Department of Consumer and Business Services
		Discusses the sample transaction spreadsheet that demonstrates the impact at each renewal period (EXHIBIT D) .
115	Chair Minnis	Asks at what level a company can be profitable.
118	Krueger	Says that profitability is not based solely on the fees charged. Talks about default rates, and says that the intent of the 3-rollover rule is to make the lender more responsible in their lending practices.
152	Chair Minnis	Asks if profit or business practices are more relevant.
158	Krueger	Replies that it is most relevant to provide consumers the opportunity to obtain credit, but in a fair way.
162	Rep. Williams	Asks for clarification of the payday loan versus the title loan process.
168	Krueger	Says these loans are now identified as "short-term personal loans".
184	Rep. Williams	Asks if research was done about the rollover limitation and its affect on the title loan businesses.
187	Krueger	Replies that they have not, but that there was input from the industry saying that they needed more than three rollovers.
194	Chair Minnis	Asks if the assumption was made that if the industry paid more

attention to the credit worthiness of their clients, losses would be lower.

197	Krueger	Replies, yes.
208	Sen. Shields	Asks if there are other states with a similar “good faith belief that the consumer has the ability to pay” statute.
214	Krueger	Says that research would have to be done on that subject. Says that there are some states where title lending does not occur at all.
236	Rep. Lowe	Asks about the practices of how vehicles are disposed of by the title lending companies.
247	Krueger	Replies that administrative rule has always required the sale of vehicles in a commercial, responsible manner.
279	Mike Dewey	Consumer Lender Alliance Discusses the differences between the “Payday Loan” industry and the “Title Loan” industry.
318	Mark Nelson	Northwest Title Loans Discusses differences between the two industries and says that they need to be treated differently. Distributes a spreadsheet showing the actual costs of a “Payday” loan company (EXHIBIT E) .
392	Chair Minnis	Discusses the –A18 amendments and says that they include a 6-rollover provision.
440	Rep. Williams	Further discusses the –A18 amendments in section 202, on page 5. Stresses the concern of the committee with regard to the industry in general.
TAPE 4, A		
047	Rep. Lowe	Concurs that this is an industry that needs to be watched carefully and reviewed next session with regard to practice standards.
056	Sen. Burdick	Expresses concern about the number of rollovers in the –A18 amendments.
075	Sen. Shields	Comments on the spreadsheet submitted by Mr. Krueger, and wonders why a 5-rollover provision wouldn’t be enough.
101	Nelson	Says that 80 percent of the loans made are repaid within the 3-rollover limit, but the losses come from the other 20 percent.
135	Rep. Williams	MOTION: Moves to ADOPT SB 171-A18 amendments dated 5/18/01. VOTE: 5-0-1 EXCUSED: 1 – Beyer
140	Chair Minnis	Hearing no objection, declares the motion CARRIED.
142	Rep. Williams	MOTION: Moves to ADOPT SB 171-A21 amendments dated 5/18/01. VOTE: 5-0-1 EXCUSED: 1 – Beyer
147	Chair Minnis	Hearing no objection, declares the motion CARRIED.
154	Rep. Williams	MOTION: Moves that the Senate concur in the House amendments to SB 171A dated 5/18/01 and that the bill be repassed as further amended. VOTE: 5-0-1 EXCUSED: 1 – Beyer

184 **Chair Minnis** **Hearing no objection, declares the motion CARRIED.
REP. SHETTERLY AND SEN. MINNIS will lead discussion
on the floor.**

187 Chair Minnis Closes the work session on SB 171A and adjourns the meeting at
3:30 p.m.

Submitted By,

Reviewed By,

Jane Bodenweiser
Committee Assistant

Marilyn Odell,
Counsel

EXHIBIT SUMMARY

- A – SB 171A, -A18 amendments submitted by staff, dated 5/18/01, 3 pp**
- B – SB 171A, -A19 amendments submitted by staff, dated 5/18/01, 3 pp**
- C – SB 171A, -A21 amendments submitted by staff, dated 5/18/01. 2 pp**
- D – SB 171A, spreadsheet submitted by James Krueger, 1 p**
- E – SB 171A, finance spreadsheet submitted by Mark Nelson, 1 p**