

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 477  
**SPONSOR(S):** Reagan  
**TIED BILLS:**

Title Loans

**IDEN./SIM. BILLS:** SB 874

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Financial Institutions</u>	<u>6 Y, 0 N</u>	<u>Holt/Bradford</u>	<u>Haug</u>
2) <u>Jobs &amp; Entrepreneurship Council</u>	<u></u>	<u>Holt/Topp</u>	<u>Thorn</u>
3) <u></u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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**SUMMARY ANALYSIS**

Enactment of Chapter 537, F.S., in 2000, was in response to end user consumer abuses in the title loan industry. Recently, provisions of Chapter 537 have been applied to instances involving commercial transactions, and addressing this unintended consequence is the bill's objective. The Florida Title Loan Act was intended to protect consumers from the excesses of title loan companies and was not intended to include commercial transactions.

There appears to be no fiscal impact on state or local government.

This act shall take effect July 1, 2008.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to address any House principle.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Sections 1 and 2 of the bill amend Part I, Chapter 193, F.S., Title Loans**

##### Background

Enactment of Chapter 537, F.S., in 2000 was in response to end user consumer abuses in the title loan industry. Recently, provisions of Chapter 537 have been applied to instances involving commercial transactions, and addressing this unintended consequence is the bill's objective. The Florida Title Loan Act was intended to protect consumers from the excesses of title loan companies and was not intended to include commercial transactions.

Section 1: Amends 537.002, F.S., Legislative intent. The bill clarifies that the regulation of title loans to consumers is the specific purpose for the creation of chapter 537, F.S. Further, this act supersedes any other conflicting provisions of state law.

Section 2: Amends 537.003, F.S., Definitions. The bill adds the following definition for the term "consumer":

(3) "Consumer" means an individual borrowing money for personal, family, or household purposes.

The definition defines the scope of Chapter 537's applicability to only end use consumer.

Additionally, the definition for "Title loan" or "loan" is amended to conform to the definition of "consumer."

Section 3: This act shall take effect July 1, 2008.

#### C. SECTION DIRECTORY:

Section 1: Legislative intent.

Section 2: Definitions.

Section 3: Effective date.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

The bill's clarification of scope and purpose for Chapter 537, F.S., is to avoid its misapplication involving commercial transactions and to avert the probability of litigation that could adversely impact the lending process.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**D. STATEMENT OF THE SPONSOR**

None.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**