

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

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FISCAL IMPACT STATEMENT

LS 6074

BILL NUMBER: HB 1171

NOTE PREPARED: Oct 19, 2023

BILL AMENDED:

SUBJECT: Small Loan Finance Charges.

FIRST AUTHOR: Rep. Hamilton

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the current incremental finance charge limits that apply to a small loan to a maximum annual rate. It also prohibits certain acts with respect to financing of a small loan and makes a violation a deceptive act and subject to penalties.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Deceptive Acts:* This bill may lead to a small workload increase for the Attorney General. It adds to the list of prohibited acts in financing small loans, potentially increasing the number of violations. Deceptive acts are actionable by either the Attorney General or the consumer.

Additional Information - The bill changes the limitations on finance charges on small loans to an annual rate of 36%, including all charges and fees. The bill prohibits making, offering, assisting, arranging, or guaranteeing a small loan that exceeds this limit.

Explanation of State Revenues: *Deceptive Acts:* If the number of deceptive acts increases, revenue to the General Fund would also increase. Under current law, a civil penalty of \$500 is assessed per deceptive act. A penalty of \$5,000 is assessed for each deceptive act committed knowingly. Actual revenue increases are indeterminable.

Court Fee Revenue: If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and](#)

[small claims cases.](#)

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

State Agencies Affected: Office of the Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual

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