LEGISLATIVE BILL REVIEW FORM: 2014

Bill Number:___S.223_____   **Name of Bill:**__An act relating to regulating the making of pension loans_____

Agency/ Dept:_DFR_____   **Author of Bill Review:** Susan L. Donegan

Date of Bill Review:_4/15/14_____   **Status of Bill: (check one):**

____Upon Introduction   _____ As passed by 1st body   __X__As passed by both bodies

Recommended Position:

__X___Support   _____Oppose   _____Remain Neutral   ____Support with modifications identified in #8 below

Analysis of Bill

1. **Summary of bill and issue it addresses.**   *Describe what the bill is intended to accomplish and why.*
    This bill regulates the making of pension loans. Specifically, this bill requires any person engaging in the business of offering consideration in exchange for a secured interest in all or part of pension proceeds in the possession of a participant, beneficiary, or member of a pension benefit plan, program, or system to be licensed under Vermont licensed lender laws.

2. **Is there a need for this bill?**   *Please explain why or why not.*
    Yes. While DFR has not received any complaints from Vermonters, predatory lending practices that target retirement pension proceeds are an emerging problem throughout the United States. This bill will allow the state of Vermont to get ahead of the problem because it strengthens and clarifies existing laws regulating these types of activities.

3. **What are likely to be the fiscal and programmatic implications of this bill for this Department?**
    None. The Banking division of DFR has adequate resources to handle any additional workload created by this bill.

4. **What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**
    None. The Office of the Attorney General has concurrent jurisdiction with DFR over unlicensed lenders, and likely has adequate resources to handle any additional workload created by this bill.

5. **What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** (*for example, public, municipalities, organizations, business, regulated entities, etc)*
    None. This bill will have a positive impact on the public, especially vulnerable Vermont elders.

6. **Other Stakeholders:**

    6.1   Who else is likely to support the proposal and why?
    AARP strongly supports this bill because it protects Vermont elders from predatory lending practices.

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The Vermont Bankers Association also supports this bill because it does not impose any additional burdens on banks.

6.2 Who else is likely to oppose the proposal and why?
There is no active opposition to this bill.

7. **Rationale for recommendation:** *Justify recommendation stated above.*
   This bill strengthens and clarifies DFR's existing authority to combat predatory lending practices that target retirement pension proceeds by requiring those who engage in these practices to be licensed by DFR. In turn, only scrupulous lenders will receive licenses and offer loans in Vermont, thereby protecting Vermont consumers.

8. **Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*
   None.

Secretary/Commissioner has reviewed this document: ___Susan L Donegan___ *Date:* ___4/15/14___