

HOUSE COMMERCE COMMITTEE

Minutes of Meeting
1997 Regular Session
April 14, 1997

I. CALL TO ORDER

Representative John Travis, Chairman of the House Commerce Committee, called the meeting to order at 9:15 a.m. in Committee Room 1 of the State Capitol in Baton Rouge, Louisiana.

II. ROLL CALL

MEMBERS PRESENT:

Representative John Travis,
Chairman
Representative Robert Barton
Representative Dan Flavin
Representative Mickey Frith
Representative Herman Hill
Representative Michael Michot
Representative Arthur Morrell
Representative Edwin Murray
Representative Gil Pinac
Representative Tank Powell
Representative Diane Winston

MEMBERS ABSENT:

Representative Pete Schneider,
Vice Chairman
Representative Butch Gautreaux
Representative Sharon Weston

III. STAFF MEMBERS PRESENT

T. Michael White, Attorney
Cindy Mancuso, Attorney
Sandy Painting, Secretary
Ed Cailleateau and Jim Haas, Sergeants at Arms

IV. DISCUSSION

House Bill No. 545 by Representative Murray

Representative Murray appeared before the committee to present House Bill No. 545, which lowers the premium rates for certain types of credit life insurance.

Mr. Mike White, attorney, House Commerce Committee, explained an amendment to be offered on House Bill No. 545. He stated that the amendment was simply a technical amendment.

Representative Travis offered the technical amendment to House Bill No. 545 to which there was no objection and this amendment was adopted by a vote of 10 yeas and 0 nays. Those members voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Representative Murray stated that House Bill No. 545 would reduce the premiums for the next two years for credit life insurance at which time Louisiana will be in compliance with the surrounding states.

There was no further discussion on House Bill No. 545.

Representative Flavin made a motion to report House Bill No. 545 with amendments. There was no objection to this motion and House Bill No. 545 was reported with amendments by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1147 by Representative Murray

Representative Murray appeared before the committee to present House Bill No. 1147, which provides for the maximum premium rates which can be charged for certain types of credit life insurance. He stated that House Bill No. 1147 was essentially the same as House Bill No. 545.

There was no further discussion on House Bill No. 1147.

Representative Frith made a motion to report House Bill No. 1147 favorably. There was no objection to this motion and House Bill No. 1147 was reported favorably by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 499 by Representative Michot

Representative Michot appeared before the committee to present House Bill No. 499, which provides relative to commercial co-ventures. He stated that this legislation would require commercial co-ventures to disclose the amount of proceeds going to charities.

Ms. Barbara Ballard, attorney general's office, 301 Main St., Suite 1250, Baton Rouge, Louisiana 70801, (504) 342-2753, appeared before the committee for informational purposes only. She stated that there was currently a penalty of \$2,000 to \$2,500 for each violation for the failure to disclose required information.

Representative Travis offered an amendment to House Bill No. 499 which would provide for a fine of between \$2,500 and \$5,000 for a first violation of any of the provisions regulating the solicitation for charitable contributions and a fine between \$5,000 and \$10,000 for any subsequent offenses. There was no objection and this amendment was adopted by a vote of 10 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Representative Winston asked how fraudulent behavior was determined.

Ms. Ballard stated that an inquiry must be made to the Department of Justice within ten days of the fraudulent behavior.

There was no further discussion on House Bill No. 499.

Representative Pinac made a motion to report House Bill No. 499 with amendments. There was no objection to this motion and House Bill No. 499 was reported with amendments by a vote of 10 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 471 by Representative Green

Representative Green appeared before the committee to present House Bill No. 471, which requires a creditor to notify a consumer before converting a precomputed consumer credit transaction into a simple interest transaction.

Representative Pinac stated that he had no problem with this legislation but found it hard to believe that a financial institution would not provide a statement periodically providing the remaining balance due.

Mr. Ken Pickering, Louisiana Consumer Finance, no address provided, appeared before the committee in opposition to House Bill No. 471. He stated that for years the law has allowed a precomputed loan to be converted into a simple interest loan.

Mr. B. Lehman Williamson, Louisiana Consumer Finance Association, 1881 Wooddale Blvd., Baton Rouge, Louisiana 70806, (504) 927-3890, appeared before the committee in opposition to House Bill No. 471. He reiterated the testimony of Mr. Pickering and stated that he saw no reason for this legislation.

Representative Murray offered an amendment to House Bill No. 471 which returns the time period that

payments must be in default to ten days and deletes the requirement of furnishing an amortization schedule. There was no objection to this amendment and it was adopted by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Representative Murray made a motion to report House Bill No. 471 with amendments. There was no objection to this motion and House Bill No. 471 was reported with amendments by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1095 by Representative Green

Representative Green appeared before the committee to present House Bill No. 1095, which provides for the transfer of small deposits to the surviving spouse or heirs upon the death of the depositor.

Representative Pinac stated that in some cases the surviving spouse or heirs are not known and asked if this legislation would correct this problem.

Representative Green stated that an affidavit disclosing the surviving spouse and/or heir must be submitted to a bank or financial institution for transfer of funds.

Representative Travis offered an amendment to House Bill No. 1095 which would require a bank to transfer funds to the spouse and the heirs, if any. There was no objection to this amendment and it was adopted by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Representative Murray made a motion to report House Bill No. 1095 with amendments. There was no objection to this motion and House Bill No. 1095 was reported with amendments by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 54 by Representative Wilkerson

Representative Wilkerson appeared before the committee to present House Bill No. 54, which would prohibit ATM machines within one hundred feet of gaming establishments.

Mrs. Cindy Mancuso, attorney, House Commerce Committee, explained an amendment to be offered to House Bill No. 54. She stated that this amendment would delete references to truck stops.

Representative Powell offered the above described amendment to House Bill No. 54. There was no objection to this amendment and it was adopted by a vote of 10 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Representative Wilkerson stated that House Bill No. 54 would protect the citizens of Louisiana and asked for the committee's favorable consideration.

Representative Barton asked if convenience stores should be included as they have ATM machines. He asked at what point do we stop trying to protect people from themselves. He stated that this legislation will create more problems.

Mr. Alton Ashy, Advanced Strategies, 1255 Westmoreland, Baton Rouge, Louisiana (504) 344-1177, appeared before the committee and stated that with the adoption of the amendment, he supported this legislation.

Mr. Ken Pickering, Riverboat Casino Association, (504) 581-1222, appeared before the committee in opposition to House Bill No. 54. He stated that most ATM machines had a withdrawal limit of \$200 per twenty-four hours and that it would not be possible to withdraw one's life savings. He stated that it would not be fair to direct this legislation toward just one type of gaming.

Mr. Bob Taylor, Louisiana Bankers Association, Baton Rouge, Louisiana, (504) 387-3282, appeared before the committee in opposition to House Bill No. 54 and stated that this legislation applied only to financial institutions. He stated that most ATM machines are owned by other companies other than banks or financial institutions and that this legislation would create a monopoly.

Representative Pinac stated that this legislation would be limited to proposed land-based casinos and riverboats but would not take into consideration Indian reservations.

Representative Powell made a motion to report House Bill No. 54 with amendments to which there was objection.

Representative Morrell made a substitute motion to defer action on House Bill No. 54. He stated that this legislation should be directed toward all gaming institutions.

Representative Wilkerson stated that something could be worked out before this legislation was addressed on the House floor.

Representative Morrell withdrew his motion to defer action on House Bill No. 54.

Representative Barton made a substitute motion to defer action on House Bill No. 54 to which there was objection and a roll call vote was taken. Action was deferred on House Bill No. 54 by a vote of 6 yeas and 3 nays. Those voting yea were Representatives Barton, Flavin, Frith, Murray, Pinac, and Winston. Those voting nay were Representatives Hill, Morrell, and Powell.

House Bill No. 851 by Representative Murray

Representative Murray appeared before the committee and made a motion to defer action on House Bill No. 851, which authorizes the commissioner of financial institutions to establish maximum fees for certain purposes and prohibits certain charges when banks accept payment orders. There was no objection to this motion and action was deferred on House Bill No. 851 by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Morrell, Murray, Pinac, Powell, and Winston.

House Bill No. 415 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 415, which allows the commissioner of financial institutions to revoke or suspend the licenses of those regulated under the Louisiana Consumer Credit Law for violations of federal law. There was no objection to this motion and action was deferred on House Bill No. 415 by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Morrell, Murray, Pinac, Powell, and Winston.

House Bill No. 416 by Representative Travis

On behalf of Representative Travis, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 416, which makes technical revisions and clarifies certain provisions of laws regulating banks and banking.

Mr. Mike White, attorney, House Commerce Committee, explained a set of amendments to be offered to House Bill No. 416 which would delete proposed law that required banks to retain records for three years, provide that unless otherwise notified by the commissioner, each state bank must provide the office of financial institutions with a copy of any report of criminal violations, and would direct the Louisiana Law Institute to change the section heading at R.S. 6:291.

Representative Travis offered the above described amendments to House Bill No. 416. There was no objection to these amendments and they were adopted by a vote of 8 yeas and 0 nays. Those voting

yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

Representative Powell made a motion to report House Bill No. 416 with amendments. There was no objection and House Bill No. 416 was reported with amendments by a vote of 8 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 552 by Representative Travis

On behalf of Representative Travis, Mr. Bob Taylor, Louisiana Bankers Association, P.O. Box 2871, Baton Rouge, Louisiana 70821, (504) 387-3282, appeared before the committee to present House Bill No. 552, which provides relative to dissemination of credit information by savings banks, savings and loan associations, and other financial institutions. He stated that this legislation simply brings thrifts under the same rules as banks.

There was no further discussion on House Bill No. 552.

Representative Frith made a motion to report House Bill No. 552 favorably. There was no objection to this motion and House Bill No. 552 was reported favorably by a vote of 8 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 608 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 608, which is relative to reporting of current financial condition. There was no objection to this motion and action was deferred on House Bill No. 608 by a vote of 8 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 609 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 609, which is relative to holidays for financial institutions. There was no objection to this motion and action was deferred on House Bill No. 609 by a vote of 8 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 610 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 610, which is relative to agents for service of process. There was no objection to this motion and action was deferred on House Bill No. 610 by a vote of 8 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 611 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 611, which is relative to reporting requirement of criminal violations. There was no objection to this motion and action was deferred on House Bill No. 611 by a vote of **8 yeas and 0 nays**. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 612 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 612, which is relative to corporate names. There was no objection to this motion and action was deferred on House Bill No. 612 by a vote of **8 yeas and 0 nays**. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 613 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 613, which is relative to use of proxies. There was no objection to this motion and action was deferred on House Bill No. 613 by a vote of **8 yeas and 0 nays**. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 614 by Representative Travis

Representative Travis made a motion to defer action on House Bill No. 614, which repeals the definition of "limited functions financial institution". There was no objection to this motion and action was deferred on House Bill No. 614 by a vote of **8 yeas and 0 nays**. Those voting yea were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 1083 by Representative Travis

Representative Travis appeared before the committee to present House Bill No. 1083, which provides relative to reports made by financial institutions.

Mr. Mike White, attorney, House Commerce Committee, explained amendments to be offered on House Bill No. 1083 which provide that the commissioner shall prescribe the manner in which financial institutions shall report their current financial condition and delete the requirement that the report be attested to under oath and that it be submitted within thirty days without interpolation or alteration of the form.

Representative Travis offered the above described amendments to House Bill No. 1083, to which there was no objection. Said amendments were adopted by a vote of 8 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee in support of House Bill No. 1083. He stated that this legislation would create less bureaucracy by eliminating paperwork in submitting reports.

Representative Barton asked if the financial reports were public documents.

Mr. Murray stated that the financial reports were public documents and could be obtained by requesting a copy from your bank or financial institution.

Representative Murray made a motion to report House Bill No. 1083 with amendments. There was no objection and House Bill No. 1083 was reported with amendments by a vote of 8 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 1084 by Representative Travis

Representative Travis appeared before the committee to present House Bill No. 1084, which is relative to retention of records of consumer credit sales.

Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee in support of House Bill No. 1084. He stated that this legislation simply repeals a redundant section of the Louisiana Consumer Credit Law.

There was no further discussion on House Bill No. 1084.

Representative Murray made a motion to report House Bill No. 1084 favorably. There was no objection and House Bill No. 1084 was reported favorably by a vote of 8 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Frith, Hill, Morrell, Murray, Powell, and Winston.

House Bill No. 1106 by Representative Travis

Representative Travis appeared before the committee and made a motion to defer action on House Bill No. 1106, which reduces the time period for retention of office records. There was no objection and action was deferred on House Bill No. 1106 by a vote of 10 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Frith, Hill, Michot, Morrell, Murray, Pinac, Powell, and Winston.

House Bill No. 1107 by Representative Travis

On behalf of Representative Travis, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1107, which repeals the Refund Anticipation Loan Act. He stated that the Office of Financial Institutions no longer saw a need for this program.

There was no further discussion on House Bill No. 1107.

Representative Murray made a motion to report House Bill No. 1107 favorably. There was no objection and House Bill No. 1107 was reported favorably by a vote of 10 yeas and 0 nays. Those voting yeas were Representatives Travis, Barton, Frith, Hill, Michot, Morrell, Murray, Pinac, Powell, and Winston.

House Bill No. 1119 by Representative Travis

On behalf of Representative Travis, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1119, which provides relative to parity between

Louisiana creditors and non-Louisiana financial institutions extending open-end credit in this state. He stated that this legislation will not authorize any rate, fee, or charge that was not already permissible. He stated that this legislation will fine tune our statutes to keep the state of Louisiana competitive with other states.

There was no further discussion on House Bill No. 1119.

Representative Murray made a motion to report House Bill No. 1119 favorably. There was no objection and House Bill No. 1119 was reported favorably by a vote of 9 yeas and 0 nays. Those voting yeas were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1120 by Representative Travis

On behalf of Representative Traivs, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1120, which is relative to audit reports for savings and loan associations. He stated that this legislation will make compliance for banks and thrifts more similar.

There was no further discussion on House Bill No. 1120.

Representative Murray made a motion to report House Bill No. 1120 favorably. There was no objection and House Bill No. 1120 was reported favorably by a vote of 9 yeas and 0 nays. Those voting yeas were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1121 by Representative Travis

On behalf of Representative Traivs, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1121, which provides relative to the use of multiple agreements. He stated that this legislation would provide for prohibition on the collection of additional fees.

There was no further discussion on House Bill No. 1121.

Representative Frith made a motion to report House Bill No. 1121 favorably. There was no objection and House Bill No. 1121 was reported favorably by a vote of 9 yeas and 0 nays. Those voting yeas were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1123 by Representative Travis

Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1123, which provides relative to retention of records by a savings association. He stated that this legislation would set a record retention schedule for all financial institutions by regulation which would also apply to thrifts as well as banks and savings banks.

There was no further discussion on House Bill No. 1123.

Representative Pinac made a motion to report House Bill No. 1123 favorably. There was no objection and House Bill No. 1123 was reported favorably by a vote of 9 yeas and 0 nays. Those voting yeas were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1156 by Representative Travis

On behalf of Representative Traivs, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1156, which provides relative to state banks and convertible securities and stock-purchase rights. He stated that this legislation would remove the Office of Financial Institutions from the approval process of the issuance of option rights and shares in connection with securities offerings.

There was no further discussion on House Bill No. 1156.

Representative Winston made a motion to report House Bill No. 1156 favorably. There was no objection and House Bill No. 1156 was reported favorably by a vote of 9 yeas and 0 nays. Those voting yeas were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1157 by Representative Travis

On behalf of Representative Traivs, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1157, which provides relative to accounting procedures after the initial issuance of shares.

Mr. Mike White, attorney, House Commerce Committee, explained an amendment to be offered to House Bill No. 1157. He stated that this amendment would require that consideration received upon the initial issuance of shares of bank stock shall be allocated to surplus only.

Representative Travis offered the above described amendment to House Bill No. 1157 to which there was no objection. This amendment was adopted by a vote of 9 yeas and 0

nays. Those voting yea were Representatives Travis, Flavin, Frith, Hill, Michot, Murray, Pinac, Powell, and Winston.

Mr. Murray stated that this legislation would allow for the statutes of a new bank to be in conformity with general accepted accounting principals.

Representative Murray made a motion to report House Bill No. 1157 with amendments. There was no objection and House Bill No. 1157 was reported with amendments by a vote of 9 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1363 by Representative Travis

On behalf of Representative Traivs, Mr. Larry Murray, commissioner, Office of Financial Institutions, 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, (504) 925-4660, appeared before the committee to present House Bill No. 1363, which provides relative to advisory opinions rendered by the commissioner of financial institutions.

Mrs. Cindy Mancuso, attorney, House Commerce Committee, explained a set of amendments to be offered to House Bill No. 1363. She stated that the amendments would delete certain language and would allow the legislation to only apply to advisory opinions and interpretations of the office.

Representative Travis offered the above amendments to House Bill No. 1363 to which there was no objection. These amendments were adopted by a vote of 9 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Hill, Michot, Murray, Pinac, Powell, and Winston.

There was no further discussion on House Bill No. 1363.

Representative Murray made a motion to report House Bill No. 1363 with amendments. There was no objection and House Bill No. 1363 was reported with amendments by a vote of 9 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Hill, Michot, Murray, Pinac, Powell, and Winston.

House Bill No. 1263 by Representative Martiny

Representative Michot appeared before the committee on behalf of Representative Martiny to present House Bill No. 1263, which increases the fee that can be charged for making demand for payment of a check

that is dishonored for nonsufficient funds.

Representative Michot offered an amendment to House Bill No. 1263 which would reduce the service charge on checks dishonored for nonsufficient funds from \$35 to \$30. There was no objection to this amendment and it was adopted by a vote of 9 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Hill, Michot, Murray, Pinac, Powell, and Winston.

Ms. Holly Tuminello, Louisiana Oil Marketers Association, P.O. Box 80357, Baton Rouge, Louisiana, (504) 926-8300, appeared before the committee in support of House Bill No. 1263. She stated that several surrounding states currently have the authority to charge a service charge of \$30 and several states have pending legislation to allow same.

Mr. Joel Richert, Richert Oil, Jennings, Louisiana, (318) 824-1206 appeared before the committee in support of House Bill No. 1263 and stated that the service charge for nonsufficient funds has not been increased in ten years. He stated that dishonored checks are quickly becoming more and more of a problem. He stated that it is very costly to recover a dishonored check and encouraged the committee to support this legislation.

Mr. Nick Perez, Louisiana Retailers Association, no address provided, appeared before the committee in support of House Bill No. 1263. He reiterated the testimony of Mr. Richert. He stated that the recovery cost of a dishonored check is the same regardless of the amount of the check.

Representative Murray stated that he was concerned with the fees being charged by the banks in cases of a dishonored check in the amount of \$10.

Representative Pinac asked Mr. Richert what actions are taken when he is notified by the bank of a dishonored check.

Mr. Richert stated that it was his business policy to contact the customer and give them the option to pay the dishonored check amount plus the \$5 charged by the bank.

Representative Travis offered an amendment to House Bill No. 1263 which would allow the payee to charge the drawer of a check a service charge not to exceed \$30, 5% of the face amount of the check, or the amount charged to the payor by his own financial institution, whichever is lesser

when making written demand for payment. Representative Travis withdrew this amendment.

Representative Winston offered an amendment to House Bill No. 1263 which would reduce the service charge to \$25. Objection was raised and a roll call vote was taken. This amendment failed by a vote of 4 yeas and 7 nays. Those voting yea were Representatives Travis, Barton, Morrell, and Winston. Those voting nay were Representatives Flavin, Frith, Hill, Michot, Murray, Pinac, and Powell.

Representative Powell made a motion to report House Bill No. 1263 with amendments.

Representative Murray made a substitute motion to defer action on House Bill No. 1263. Objection was raised and a roll call vote was taken. This substitute motion failed by a vote of 2 yeas and 8 nays. Those voting yea were Representatives Morrell and Murray. Those voting nay were Representatives Barton, Flavin, Frith, Hill, Michot, Pinac, Powell, and Winston.

A roll call vote was taken on the previous motion made by Representative Powell to report House Bill No. 1263 with amendments. House Bill 1263 was reported with amendments by a vote of 8 yeas and 2 nays. Those voting yea were Representatives Barton, Flavin, Frith, Hill, Michot, Pinac, Powell, and Winston. Those voting nay were Representatives Morrell and Murray.

House Bill No. 413 by Representative Travis

Representative Travis appeared before the committee to present House Bill No. 413, which provides relative to loans of five hundred dollars or less made to consumers.

Representative Travis offered an amendment which sets out origination fees that can be collected by lenders for small loans. There was no objection and this amendment was adopted by a vote of 11 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Morrell, Murray, Pinac, Powell, and Winston.

Mr. Jerry Brents, Louisiana Check Cashers Association, 600 N.W. Evangeline Thruway, Lafayette, Louisiana 70501, (318) 232-2274, appeared before the committee in opposition to House Bill No. 413. He

stated that the intent of this legislation was to protect consumers from abuse. He stated that he had contacted the president of the Louisiana Check Cashers Association and the regulators who regulate the industry and no reports of abuse had been made. He objected to the term being limited to 30 days.

Mr. Kelly Laughlin, Louisiana Check Cashers Association, (504) 369-3549, appeared before the committee in opposition of House Bill No. 413 and reiterated the testimony of Mr. Brents.

Representative Travis offered an amendment which would require that the minimum term of a small loan not exceed 30 days. There was no objection and this amendment was adopted by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Morrell, Pinac, Powell, and Winston.

Mr. Olin Berthelot, Bayou Financial Services, Inc., 526 S. Burnside Avenue, Gonzales, Louisiana 70737, (504) 644-8688, appeared before the committee in opposition to House Bill No. 413. He stated that his business was providing a service to some customers who would not otherwise have the opportunity to make a loan.

Representative Frith made a motion to report House Bill No. 413 with amendments. There was no objection and House Bill No. 413 was reported with amendments by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Flavin, Frith, Hill, Michot, Morrell, Murray, Pinac, and Powell.

V. OTHER BUSINESS

There was no other business discussed.

VI. ANNOUNCEMENTS

There were no announcements.

VII. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:15 p.m.

Respectfully submitted,

John Travis, Chairman

Date Approved: _____