



**Colorado
Legislative
Council
Staff**

SB16-043

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0580
Prime Sponsor(s): Sen. Carroll
Rep. Kagan

Date: June 1, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: STUDENT LOANS CONSUMER PROTECTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Minimal workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing workload increase.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill establishes requirements for private educational lenders (lenders) and covered educational institutions (institutions) related to student loans. The bill requires lenders to disclose certain information to a borrower both at the time of application or solicitation, and at the time the borrower is contractually obligated to repay the loan. The information that lenders must disclose includes, but is not limited to:

- applicable and potential fees or penalties;
- the terms of the loan and payment deferral options;
- an example of the total cost of the loan or an estimate of the total amount of repayment;
- whether any interest will accrue or a payment will be required while the borrower is enrolled at the institution;
- available interest rates and policies governing interest rate adjustments;
- cancellation options; and
- additional information on federal student financial assistance.

The bill prohibits lenders from charging a fee to a borrower for early repayment or prepayment of a private education loan and stipulates that the borrower has 30 days after the application is approved to accept the loan, during which the lender cannot change the rates or terms of the loan. The borrower has three business days after the loan contract is signed to cancel the loan without penalty.

The bill also prohibits lenders from offering or providing any gift to an institution in return for an advantage related to private educational loan activities or engaging in any revenue sharing with the institution. An employee of an educational institution also may not receive anything of value from the lender and institutions are required to publically disclose any agreements made with creditors or card issuers for the purpose of marketing a credit card.

State Expenditures

The bill will slightly increase the workload in the Department of Law to conduct examinations of private educational lenders to ensure compliance and to process or investigate complaints received. This increase is expected to be minimal and does not require an increase in appropriations.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs committee on February 17, 2016.

State and Local Government Contacts

Higher Education

Law

Regulatory Agencies