GOVERNOR OF MISSOURI

JEFFERSON CITY
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JEREMIAH W. (JAY) NIXON
GOVERNOR

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July 7, 2015

TO THE SECRETARY OF THE STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 345 entitled:

AN ACT

To repeal sections 361.707, 361.715, 364.030, 364.105, 365.030, 367.140, 407.640, 408.140, 408.500, and 443.719, RSMo, and to enact in lieu thereof ten new sections relating to financial transactions, with an existing penalty provision.

I disapprove of Senate Committee Substitute for Senate Bill No. 345. My reasons for disapproval are as follows:

Senate Committee Substitute for Senate Bill No. 345 would increase the fee that lenders can charge consumers for many loans that are for periods of 30 days or longer. Current law limits this fee to 10% of the principal up to $75, but this bill would increase the fee to 10% of the principal up to $100. This means that most consumer credit loans over $750, not secured by a mortgage, could see a fee increase. Consumer credit loans of $1,000 *or more* could have a $100 fee, where lenders can currently only charge $75. This is an approximately 33% increase in the fee on a large portion of loans made to Missourians.

The loans affected by this bill are offered by banks, credit unions, finance companies, consumer installment lenders, title loan companies, and small loan companies. These loans include everything from a car loan from a bank to a loan for unexpected home repairs from a store-front lender in a strip mall.

This fee increase will have the most impact on consumers of limited means who take out relatively small loans and would have a repetitive financial impact as they could be charged on any extension, refinance, restructure or renewal of the loan, if there is "any investigation" on the subsequent application.

Unlike interest, which is typically earned day-by-day, lenders earn this fee at the time the loan is entered into, so even if a person repaid the loan early, Senate Committee Substitute for Senate Bill No. 345 would cost them more money.

This is the second time in two years that Missourians have seen an increase in fees on small loans, as the General Assembly gave lenders the ability to increase this fee in 2013 by overriding my veto of Senate Committee Substitute for House Bill No. 329 and increasing the percentage of this fee from 5% up to $75 to 10% up to $75.

Allowing lenders to charge Missourians more in fees is not the way to move Missouri forward, therefore Senate Committee Substitute for Senate Bill No. 345 does not receive my approval.

In accordance with the above stated reasons for disapproval, I am returning Senate Bill No. 345 without my approval.

Respectfully submitted,

Jeremiah W. (Jay) Nixon
Governor