



**Colorado  
Legislative  
Council  
Staff**

**SB16-043**

**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:** February 8, 2016  
**Bill Status:** Senate SVMA  
**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. |              |
| <b>Appropriation Required:</b> None.                   |                            |              |
| <b>Future Year Impacts:</b> Ongoing workload increase. |                            |              |

**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 takes effect September 15, 2016, if no referendum petition is filed.

## State and Local Government Contacts

Higher Education

Law

Regulatory Agencies