

1 HOUSE JOINT RESOLUTION

2 WHEREAS, Public Act 91-698, effective May 6, 2000,
3 amended the Sales Finance Agency Act (205 ILCS 660) and the
4 Consumer Installment Loan Act (205 ILCS 670) to authorize the
5 Department of Financial Institutions to adopt rules necessary
6 for the protection of consumers in Illinois; and

7 WHEREAS, The Department of Financial Institutions
8 proposed rules titled "Consumer Installment Loan Act" (38 Ill
9 Adm Code 110) on August 11, 2000 at 24 Ill. Reg. 11717
10 regulating loans with annual interest rates exceeding 36% for
11 periods of less than 60 days, if secured by an automobile
12 title, or for periods of less than 30 days, if not secured by
13 a title; and

14 WHEREAS, Among other provisions, the Department's rules
15 limit lenders of these short-term loans to simple interest,
16 require lenders to provide applicants and debtors with
17 information about debt management services, require release
18 of any liens within 24 hours after a short-term loan is
19 repaid, and require lenders to verify that a borrower has not
20 received another short-term loan within the previous 15 days;
21 and

22 WHEREAS, The Department of Financial Institutions
23 submitted its proposed rules on October 17, 2000 to the Joint
24 Committee on Administrative Rules, which reviewed the rules
25 and issued a Statement of Objection; and

26 WHEREAS, The Joint Committee on Administrative Rules
27 found that the proposed rules constitute a serious threat to
28 public interest, safety, or welfare, and the filing
29 prohibition gives the agency an opportunity to revisit those
30 provisions and consider less onerous alternatives; and

31 WHEREAS, Citing public comment, the Joint Committee on

1 Administrative Rules noted that the proposed rules present an
2 unreasonable economic burden to small lenders, which in turn
3 may diminish the availability of financial resources for
4 consumers with limited options; and

5 WHEREAS, Based on this determination, the Joint Committee
6 on Administrative Rules prohibited the above-cited rulemaking
7 at its meeting on November 29, 2000; and

8 WHEREAS, Because Section 5-115 of the Illinois
9 Administrative Procedure Act states that a Prohibition of an
10 agency's proposed rule is effective for a period of at least
11 180 days, the Prohibition issued by JCAR commenced November
12 30, 2000 and will terminate on May 28, 2001, unless continued
13 by adoption of this Joint Resolution by both houses of the
14 General Assembly as provided by Section 5-125(c) of the
15 Illinois Administrative Procedure Act; and

16 WHEREAS, The General Assembly may permanently prohibit
17 filing of these rules by joint resolution before the
18 conclusion of that 180-day period, as further provided in
19 Section 5-115 of the Illinois Administrative Procedure Act;
20 therefore, be it

21 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
22 NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE
23 SENATE CONCURRING HEREIN, that the Prohibition by the Joint
24 Committee on Administrative Rules of the rules proposed by
25 the Department of Financial Institutions under Public Act
26 91-698 and initially published in the Illinois Register on
27 August 11, 2000 be continued; and be it further

28 RESOLVED, That copies of this resolution be forwarded to
29 the Executive Director of the Joint Committee on
30 Administrative Rules and the Director of Financial
31 Institutions.