

April 27, 2010

ALERT: Consider waiting to file 2010 Consumer Credit Notification Renewal until you receive revised memo on additional fees

The Office of the State Bank Commissioner (OSBC) is reconsidering a significant increase in fees for organizations which are considered to “enter into consumer credit transactions.” **If you currently file a Consumer Credit Notification Renewal form, you may want to wait and file closer to the April 30 deadline so that you can review a memo the OSBC says it will send within a week outlining its position on the additional fees.**

Background

Creditors are required to file an annual notification with the State of Kansas and pay \$25 for each location where they provide credit. If the creditor organization then “assigned” (sold or transferred rights to collect) the loan or credit transaction to another entity which does NOT also file a Consumer Credit Notification, an additional \$25 fee and notification to the State was required – however, credit transactions assigned to banks, savings and loans and credit unions had been exempt from this second requirement until recently.

The impact on companies which assign credit transactions to banks or other financial institutions could run into thousands of dollars for those which make frequent credit transactions, such as vehicle dealerships, manufacturers of higher-cost equipment or materials requiring financing, or providers of services that may require financing.

Current status

Concern over these new fees has led to additional discussion between interested parties and the OSBC. An OSBC memo is going out to all entities which received the 2010 Consumer Credit Notification Renewal explaining the revised position on the new fees.

Action item

- If you have already filed your 2010 renewal and paid the additional fees, you may be eligible for a refund on fees paid.
- If you have not already filed, consider waiting until closer to the April 30 filing deadline to see what direction the OSBC memo provides; you may not be required to pay the additional fees.

If you have any questions about this alert, contact your AGH professional or call AGH vice president of state and local tax Jerry Capps at (316) 291-4130 or email jerry.capps@aghlc.com.

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