



GOVERNOR OF MISSOURI

JEFFERSON CITY

65102

JEREMIAH W. (JAY) NIXON
GOVERNOR

P.O. Box 720
(573) 751-3222

July 2, 2013

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for House Bill No. 329 entitled:

AN ACT

To repeal sections 208.010, 361.160, 408.140, 408.590, 408.592, 408.600, and 513.430, RSMo, and to enact in lieu thereof six new sections relating to financial institutions.

I disapprove of Senate Committee Substitute for House Bill No. 329. My reasons for disapproval are as follows:

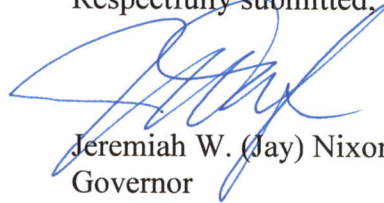
Senate Committee Substitute for House Bill No. 329 would increase the fees that payday, title and consumer installment lenders can charge consumers. Current law limits origination fees to 5% of the principal up to \$75, but this bill would increase the fee to 10% of the principal up to \$75. This fee increase would most impact those consumers, often of limited means, seeking to take out short-term loans of under \$1,500. Because the fee could be charged each time the loan is rewritten, the increased cost to consumers could be substantial. Missourians need payday loan reform, not the expansion and higher fees provided in Senate Committee Substitute for House Bill No. 329, which will do nothing to help consumers trapped in a spiral of debt.

In addition, Senate Committee Substitute for House Bill No. 329 would authorize funds to be placed in a "personal funeral trust account" at a financial institution to be held in trust and used for funeral services. The bill specifies that no contract with any cemetery, funeral establishment or any provider or seller shall be required when a personal funeral trust account is established. This differs from the highly specific preneed funeral contract requirements established in Chapter 436 by House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill No. 1 (2009), which was enacted as a result of the work by the legislature's Interim Committee for Pre-Need Funeral Service Plans. This interim committee was formed in the wake of the 2008 collapse of Missouri's largest preneed funeral plan seller, National Prearranged Services, Inc. (NPS), to develop policy recommendations to protect consumers from abuses like those perpetrated by NPS. Senate Committee Substitute for House Bill No. 329 could enable funeral licensees to enter into non-contractual preneed financial

arrangements that would not be required to comply with Chapter 436, thereby creating a loophole in the strong consumer protections enacted in the wake of the NPS collapse. At the very least, this provision could create confusion among the public and funeral licensees as to whether or not a preneed funeral contract is required when a funeral licensee is named as the beneficiary of a personal funeral trust account.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for House Bill No. 329 without my approval.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jay Nixon", is written over the printed name and title.

Jeremiah W. (Jay) Nixon
Governor