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Sponsored by: Schilling, Hosmer  
Ollis and Simpson

First Reading \_\_\_\_\_  
SUBSTITUTE  
COUNCIL BILL 2019-104

Second Reading \_\_\_\_\_  
GENERAL ORDINANCE \_\_\_\_\_

AN ORDINANCE

1 ADOPTING Springfield City Code Chapter 70, 'Licenses, Permits and Miscellaneous  
2 Business Regulations,' Article XVIII, 'Short-Term Loan Establishments,' to  
3 establish regulations for short-term loan establishments.  
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5

6 WHEREAS, City Council concludes that the lending and marketing practices of  
7 Short-Term Loan Establishments, as defined herein, result in serious financial hardships  
8 to some of its citizens, particularly its elderly and low-income citizens, from which they  
9 cannot readily extract themselves; can perpetuate poverty; and can increase  
10 dependency upon public financial assistance, housing, health care, and social services;  
11 and  
12

13 WHEREAS, City Council finds that the short-term loan industry targets low-  
14 income citizens, who are most likely to suffer financial hardship as a result of the  
15 lending practices and small loan products offered by Short-Term Loan Establishments;  
16 and  
17

18 WHEREAS, City Council recognizes that the State of Missouri regulates Short-  
19 Term Loan Establishments in certain regards but further recognizes that those State  
20 regulations do not meet the level of protections for consumers common in adjacent  
21 states, nor do they adequately protect the City's citizens from certain lending and  
22 marketing practices of Short-Term Loan Establishments; and  
23

24 WHEREAS, the City has the authority to further regulate Short-Term Loan  
25 Establishments in the manner described below; and  
26

27 WHEREAS, City Council finds that regulation of Short-Term Loan Establishments  
28 is necessary for the promotion and protection of the public health, safety, and welfare of  
29 its citizens, and the public good of maintaining a viable tax base to fund essential  
30 services.  
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32 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF  
33 SPRINGFIELD, MISSOURI, as follows, that:

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NOTE: Language to be added is underlined.

Section 1 – Chapter 70, ‘Licenses, Permits and Miscellaneous Business Regulations,’ Article XVIII, ‘Short-Term Loan Establishments,’ is hereby adopted as follows:

Sec. 70-725. – Title.

This Article shall be known as the ‘Short-Term Lending Code.’

Sec. 70-726. – Findings and intent of article.

City Council finds and declares the following:

- (a) That the lending and marketing practices of Short-Term Loan Establishments, as defined herein, results in serious financial hardships to its citizens, particularly its elderly and low-income citizens, from which they cannot readily extract themselves; can perpetuate poverty; and can increase the dependency upon public financial assistance, housing, health care and social services; and
- (b) That the patterns of its proliferation demonstrate that the industry targets low-income citizens most likely to suffer financial hardship as a result of the lending practices and small-loan products offered by Short-Term Loan Establishments; and
- (c) That regulation of Short-Term Loan Establishments is necessary for the promotion and protection of: the public health, safety, and welfare of the City’s citizens; and the public good of maintaining a viable tax base to fund essential services.

Sec. 70-727. – Definitions.

The following words, when used in the Short-Term Lending Code, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Director* means the Director of the Department of Finance of the City or a person designated by the Director of the Department of Finance.

*Permittee* means any individual, firm, association, corporation, partnership, association or organization holding a permit issued by the Director pursuant to the Short-Term Lending Code to operate a Short-Term Loan Establishment.

80 Premises means the bounds of the facility where a Short-Term Loan  
81 Establishment conducts business and includes parking lots and other adjacent  
82 private property occupied by or used in connection with the business.  
83

84 Short-Term Loan Establishment means an establishment which: (a)  
85 engages in the business of providing money to customers on a temporary basis,  
86 wherein such loans are secured by post-dated check, paycheck, or car title, or  
87 (b) is registered as a lender under state or federal law. This classification does  
88 not include a state or federally chartered bank, savings and loan association,  
89 credit union, or mortgage broker or originator. This classification does not include  
90 nonprofit organizations exempt from taxes under Section 501(c)(3) of the Internal  
91 Revenue Code of 1986 as amended, nor does it include organizations certified  
92 as Community Development Financial Institutions by the U.S. Treasury. Further,  
93 this classification does not include the businesses of licensed pawnbrokers or  
94 establishments selling consumer goods, including consumables, where the loans  
95 or the cashing of checks or money orders are incidental to the main purpose of  
96 the business. This classification does include, but is not limited to, check cashing  
97 stores, payday loan stores, and car title loan businesses.  
98

99 Sec. 70-728. – Applicability of other regulations; conflicting provisions.

100  
101 (a) In the event of a conflict between the provisions of the Short-Term  
102 Lending Code and other ordinances or other parts of the Springfield  
103 City Code, the provisions of the Short-Term Lending Code shall  
104 control.  
105

106 (b) The permit required by the Short-Term Lending Code shall be in  
107 addition to any other licenses and permits required by the  
108 Springfield City Code.  
109

110 Sec. 70-729. – Permit required.

111  
112 Within sixty (60) days of the effective date of this Ordinance, it shall be  
113 unlawful for any individual, firm, association, corporation, partnership, or  
114 organization:  
115

116 (a) To operate or maintain a Short-Term Loan Establishment in the  
117 City unless the owner, operator, or lessee thereof has applied for  
118 and obtained a Short-Term Loan Establishment permit from the  
119 City; or  
120

121 (b) To operate such business after such permit has expired or has  
122 been revoked by the City.  
123

124 A permit shall be required for each location at which a Short-Term Loan  
125 Establishment operates in the City; even a location within another business

126 operation. A permit shall be valid for a period of time of one calendar year (or the  
127 remaining portion of a calendar year) and must be renewed annually. This permit  
128 shall be in addition to any other permit or license required by other local, state, or  
129 federal government. No permit shall be issued for any business seeking to  
130 operate at a location prohibited by any applicable local, state, or federal law,  
131 statute, ordinance, rule or regulation; provided, however, that a business lawfully  
132 in existence on the date of adoption of the Short-Term Lending Code is eligible to  
133 apply for and receive a permit so long as such business is otherwise compliant  
134 with all laws .

135  
136 Sec. 70-730. – Permit duration; renewal.  
137

138 Permits for the operation of a Short-Term Loan Establishment shall be annual  
139 permits which expire on December 31 of each year. Each permit shall include the  
140 name of the permit holder and address of the premises. Permits in good standing  
141 on the date of their expiration shall be eligible for renewal.  
142

143 Sec. 70-731. – Compliance with Code.  
144

145 Any violation of the Building Code, Fire Prevention Code, or the Zoning  
146 Ordinance shall be a basis to deny, revoke, or not renew a Short-Term Loan  
147 Establishment permit.  
148

149 Sec. 70-732. – Authority to prescribe additional regulations.  
150

151 The Director shall have the power to promulgate regulations as may be  
152 necessary and feasible for carrying out of the intent of the Short-Term Lending  
153 Code and the duties of the Director under the Short-Term Lending Code which  
154 are not inconsistent with the provisions of such Code.  
155

156 Sec. 70-733. – Penalty for violation of Short-Term Lending Code.  
157

158 It shall be unlawful for any person to violate any of the provisions of the  
159 Short-Term Lending Code. Upon conviction thereof, such person shall be fined  
160 not less than \$100 and not more than \$500 or be punished by imprisonment in  
161 jail for a period not exceeding 180 days or be punished by both such fine and  
162 imprisonment. Each day's violation of, or failure, refusal, or neglect to comply  
163 with any provision of the Short-Term Lending Code shall constitute a separate  
164 and distinct offense. The penalties provided in this section are in addition to, and  
165 are separate from, any administrative actions by the Director to revoke or deny  
166 renewal of a permit issued under the Short-Term Lending Code.  
167

168  
169 Sec.70-734. – Judicial review of orders of Director; stay of enforcement of orders.  
170

171 Following the entry of an order by the Director revoking a permit or  
172 denying a new or renewal application for a permit, such permittee or applicant  
173 may seek judicial review in a manner provided by law. The director shall stay  
174 enforcement of such order for a period of time not to exceed 30 days from the  
175 Director's decision or, if a petition for judicial review is filed, final disposition of the  
176 judicial review.

177  
178 Sec. 70-735. – Contents of application.  
179

180 Any person desiring to operate a Short-Term Loan Establishment shall  
181 make written application for a Short-Term Loan Establishment permit or the  
182 renewal thereof to the Director or the Director's designee. The application shall  
183 be signed by the applicant or an authorized signator of the applicant and  
184 notarized. All applications shall be submitted on a form supplied by the Director  
185 and shall set forth at least the following:  
186

- 187 (a) The name, residence address, electronic mail address, home and  
188 cellular telephone number, and date and place of birth of the  
189 applicant or authorized signator;  
190  
191 (b) The business name, street address of the business premises,  
192 electronic mail address of the business, and telephone number of  
193 the business;  
194  
195 (c) The names, residence addresses, residence and cellular telephone  
196 numbers, and dates and places of birth of the following:  
197  
198 (1) All partners, if the applicant is a partnership;  
199  
200 (2) All members, if the applicant is a limited liability company;  
201  
202 (3) All corporate officers and Directors and all shareholders with  
203 greater than a 10 percent (10%) interest in the corporation, if  
204 the applicant is a corporation; and  
205  
206 (4) All persons having an ownership interest in any other type of  
207 business entity or association.  
208  
209 (d) Whether or not the applicant and/or authorized signator has been  
210 convicted of violating any provision of the Short-Term Lending  
211 Code; has been convicted of a felony, misdemeanor, infraction or  
212 ordinance violation involving moral turpitude, a breach of a fiduciary  
213 obligation, or crimes of physical violence or against property; or has  
214 ever had a permit issued under the Short-Term Lending Code  
215 revoked and, if so, the reason therefore;  
216

- 217 (e) If the applicant is a Missouri corporation, a certificate of good  
218 standing issued by the Missouri secretary of state not more than 30  
219 days prior to the submittal of the application or, if a foreign  
220 corporation, a certificate of authority to do business issued by the  
221 Missouri secretary of state not more than 30 days prior to the  
222 submittal of the application; and
- 223
- 224 (f) Such further information as the Director may reasonably require.  
225

226 Sec. 70-736. – Criteria for issuance of permit.  
227

228 The Director shall investigate the application for a Short-Term Loan  
229 Establishment permit and shall issue the permit authorized by the Short-Term  
230 Lending Code if the Director finds that each of the following conditions is met  
231 without exception:  
232

- 233 (a) Applicant is current in the payment of all taxes, fees, and other  
234 amounts due to the City on any account, for any purpose;  
235
- 236 (b) The application appears to be truthful, complete, and accurate;  
237
- 238 (c) The location of the premises meets all applicable spacing, distance  
239 and location requirements of applicable zoning ordinances, or the  
240 Establishment was lawfully in existence on the date of adoption of  
241 the Short-Term Lending Code and was authorized to be in non-  
242 conformance;  
243
- 244 (d) The premises meet all other applicable health, safety, zoning,  
245 property maintenance, building and fire codes, and comply with all  
246 ordinances of the City;  
247
- 248 (e) Applicant has provided the Director with a designated agent for  
249 service who can regularly be contacted in the City during normal  
250 business hours;  
251

252 The Director or a designee is authorized to make inspections of the Short-Term  
253 Loan Establishment's premises at reasonable times and hours of any day for  
254 purposes of determining whether such Short-Term Loan Establishment fully  
255 complies with the provisions of the Short-Term Lending Code.  
256

257 Sec. 70-737. – Approval or disapproval of application and hearing.  
258

- 259 (a) The application for a Short-Term Loan Establishment permit, or the  
260 renewal thereof, authorized under the Short-Term Lending Code  
261 shall be approved or disapproved within 30 days from the date of  
262 the Director's determination that the application is complete, unless

263 the applicant agrees in writing to an extension of that time period. If  
264 a permit application is disapproved, the Director shall notify the  
265 applicant by registered or certified mail to the business address  
266 stated in the applicant's application and shall state the basis for  
267 such disapproval.

268  
269 (b) If within ten (10) days after the Director mails notice to an applicant  
270 that the application has been disapproved, the applicant files with  
271 the Director a written request for a hearing before the Director on  
272 whether the applicant has satisfied the criteria set forth in this  
273 Section 70-736 of the Short-Term Lending Code; then, the Director  
274 shall within five days of receipt of a timely request, mail a notice of  
275 hearing to the applicant, which shall include the date, time and  
276 place for the hearing before the Director. The date for the hearing  
277 shall not be less than 10 days, nor more than 40 days, following  
278 receipt by the Director of the request for a hearing by applicant  
279 under this section, unless the aggrieved party requesting the  
280 hearing agrees to extend the time for the hearing or except for good  
281 cause shown.

282  
283 Sec. 70-738. – Display of permit.

284  
285 Every individual, firm, corporation, partnership, organization, or  
286 association holding a permit under the Short-Term Lending Code as a Short-  
287 Term Loan Establishment shall post its permit in a conspicuous place and  
288 manner on the premises.

289  
290 Sec. 70-739. – Compliance with the Short-Term Lending Code and other  
291 regulations.

292  
293 It shall be the duty of a permittee to comply with all the provisions of the  
294 Short-Term Lending Code and with all regulations issued by the Director  
295 pertaining to Short-Term Loan Establishments. Failure to comply with the Short-  
296 Term Lending Code or regulations after written notification of noncompliance has  
297 been delivered to the permittee by the City is a permissible basis for revocation  
298 or nonrenewal of the permit.

299  
300 Sec. 70-740. – Notice on premises required.

301  
302 (a) It shall be the affirmative duty of each permittee to post a notice  
303 printed in not less than 24-point bold type within 3 feet of each  
304 location within the premises at which a customer, borrower, or other  
305 member of the general public is invited or directed to stand or sit to  
306 either apply for a loan, to answer or ask questions, to review or sign  
307 transaction documents, or receive loan proceeds, to make

308 payments or to inquire about, or apply for, the renewal or the rolling  
309 over of a loan, which sets out the following information:

- 310
- 311 (1) The word "NOTICE" in bold capital letters;
- 312
- 313 (2) That this establishment is a short-term loan establishment  
314 and is not a federally chartered bank, savings and loan  
315 association, or credit union;
- 316
- 317 (3) The interest rates and fees charged;
- 318
- 319 (4) The annual percentage rate equivalent of the aggregate of  
320 those interest rates and fees charged per \$100.00  
321 borrowed;
- 322
- 323 (5) A computation of the amounts that would be paid on an  
324 original loan renewed or rolled-over after the expiration of  
325 its original term without any payment of either principal or  
326 interest each time, up to six times;
- 327
- 328 (6) A warning that default may result in loss of property used as  
329 security for the loan and garnishment of wages and  
330 checking and savings accounts; and
- 331
- 332 (7) Notice and clear explanation of any state or federal rights to  
333 rescind the loan agreement.

334

335 (b) Failure to comply with the requirement of this section and all other  
336 requirements of the Short-Term Lending Code is unlawful.

337

338 Sec. 70-741. – Referral to Alternative Financial Assistance

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340 It shall be the affirmative duty of each permittee to provide to all interested  
341 customers and patrons a guide regarding alternatives to short-term loans which  
342 has been pre-approved by the City. Should such guide be supplemented or  
343 revised, permittee shall distribute the then-current guide approved by the City for  
344 distribution.

345

346 Sec.70-742. – Revocation or denial.

347

348 (a) Any permit issued under the provisions of the Short-Term Lending  
349 Code may be revoked or any permit may be denied by the Director,  
350 after due notice and affording an opportunity for a hearing, for any  
351 violation of the provisions of the Short-Term Lending Code and as  
352 otherwise provided in the Springfield City Code, including without



353 limitation, Section 70-51.

354  
355 (b) Procedures. The procedure for and conduct of hearings under this  
356 section shall be as set forth in Section 70-51.

357  
358 Sec.70-743. – Renewal of permit.

359  
360 (a) All Short-Term Loan Establishment permits shall expire on  
361 December 31 of each calendar year. Renewal applications for such  
362 permits shall be submitted between October 1 and November 30 of  
363 each calendar year. A Short-Term Loan Establishment permit  
364 issued under the Short-Term Lending Code may be renewed if an  
365 application in the form provided by the Director has been filed with  
366 the Director and if the applicant is in compliance with the  
367 requirements of the Short-Term Lending Code for an original permit  
368 including but not limited to Section 70-736 of the Short-Term  
369 Lending Code.

370  
371 (b) Upon timely application therefore, and subject to meeting the  
372 requirements in the Short-Term Lending Code for a new permit, a  
373 Short-Term Loan Establishment permit may be renewed by  
374 issuance of a new permit in the manner provided in the Short-Term  
375 Lending Code unless the Director disapproves the renewal  
376 application in the manner provided by Section 70-737 of the Short-  
377 Term Lending Code.

378  
379 (c) If the application for renewal of a permit is not made during the time  
380 provided in subsection (a) of this section, the permit shall expire  
381 and the permittee shall cease all activities regulated by the Short-  
382 Term Lending Code and the permittee shall file a new application  
383 and meet all requirements of the Short-Term Lending Code before  
384 engaging in the business or occupations regulated under the short  
385 Term Lending Code. In addition, an application for renewal filed  
386 after the expiration date shall be treated as a new application.

387  
388 Section 2 – Savings clause. Nothing in this Ordinance shall be construed to  
389 affect any suit or proceeding now pending in any court or any rights acquired, or liability  
390 incurred nor any cause of causes of action occurred or existing, under any act or  
391 ordinance repealed hereby.

392  
393 Section 3 – Severability Clause. If any section, subsection, sentence, clause, or  
394 phrase of this Ordinance is for any reason held to be invalid, such decision shall not  
395 affect the validity of the remaining portions of this Ordinance. City Council hereby  
396 declares that it would have adopted the Ordinance and each section, subsection,  
397 sentence, clause or phrase thereof, irrespective of the fact that any one or more  
398 sections, subsections, sentences, clauses, or phrases be declared invalid.



**EXPLANATION TO SUBSTITUTE COUNCIL BILL 2019-104**

FILED: 04-16-19


ORIGINATING DEPARTMENT: Law

PURPOSE: To adopt Springfield City Code Chapter 70, 'Licenses, Permits and Miscellaneous Business Regulations,' Article XVIII, 'Short-Term Loan Establishments,' to establish regulations for short-term loan establishments.

BACKGROUND INFORMATION: The Finance and Administration Committee considered the issue of regulating short-term loan establishments. The Committee heard testimony regarding short-term loan establishments and their impact on low-income citizens and requested that staff draft an ordinance similar to the St. Louis ordinance regulating short-term loan establishments which was then modified pursuant to Committee input. The Finance and Administration Committee voted to recommend to City Council an ordinance establishing regulations for short-term loan establishments including an annual permit, a permit fee, compliance with City Code, and a notice regarding loan information on the establishment's premises. The permit fee would not go into effect unless a ballot measure approving the fee is passed by the public. Mayor McClure requested that staff prepare this substitute version of the ordinance that does not include a permit fee.

Submitted by:

Approved by:

  
Rhonda Lewsader, City Attorney

  
Jason Gage, City Manager