

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

April 14, 2003

TO: Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3100 by Madden (Relating to a loan secured by personal property with limited recourse against the borrower.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3100, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2003
2004	\$236,275	(\$236,275)	3.0
2005	\$236,275	(\$236,275)	3.0
2006	\$236,275	(\$236,275)	3.0
2007	\$236,275	(\$236,275)	3.0
2008	\$236,275	(\$236,275)	3.0

Fiscal Analysis

The bill would set up a new system for deferred presentment loans, including increasing the maximum rate of interest for lenders operating in Texas, increasing the demand for the license. Additionally, out-of-state usury preemption issues would decline and require an increase in Office of Consumer Credit Commissioner oversight.

Methodology

The Office of Consumer Credit Commissioner would be required to regulate an additional 600

licensed locations engaged in deferred presentment transactions.

Because of the new licensees and increased regulatory oversight, the agency would require 3 additional Financial Examiner IV FTEs (\$160,350 total salary and benefits each year). The agency would also require an additional \$45,500 each year for travel and other expenses for these new examiners.

The agency would require an additional \$2,500 for 10 administrative hearing cases related to deferred presentment transaction licensees each year and would also require an additional \$27,925 for criminal background checks for an estimated 716 individuals.

It is assumed the agency would increase fees to offset any costs associated with implementing the provisions of the bill.

The Office of the Attorney General indicates it could absorb any increase in cost associated with the bill within current resources.

Technology

The agency would require \$500 each year to increase its replacement schedule for computers and related equipment to include the additional FTEs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 450 Savings and Loan Department, 451 Department of Banking, 469 Credit Union Department, 466 Office of Consumer Credit Commissioner

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