

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 13, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB3505** by Marchant (Relating to deferred presentment transactions.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3505, 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 <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 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 anticipate an additional 550 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.

### **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:** 451 Department of Banking, 466 Office of Consumer Credit Commissioner

**LBB Staff:** JK, JRO, RT, RB