

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 18, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB398 by Villarreal (relating to the regulation of tax refund anticipation loans; imposing an administrative penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB398, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.

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
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2005
2006	\$306,475	(\$306,475)	4.0
2007	\$332,212	(\$332,212)	6.0
2008	\$332,212	(\$332,212)	6.0
2009	\$332,212	(\$332,212)	6.0
2010	\$347,212	(\$347,212)	6.0

Fiscal Analysis

The bill would require all Tax Refund Anticipation Loan facilitators other than banks, credit unions, and savings and loan associations to register annually with the Office of Consumer Credit Commissioner. Registered facilitators would be required to file a report including certain information with the agency annually. In addition, the bill would provide the agency authority to pursue consumer complaints and enforcement activities related to the registered entities.

The bill would take effect January 1, 2006.

Methodology

Based on the number of Internal Revenue Service authorized electronic return originators in Texas, the Office of Consumer Credit Commissioner anticipates a new registrant population of approximately 10,000 Tax Refund Anticipation Loan facilitators.

In order to process registrations, maintain and track the bond requirement, maintain current address locations, process annual renewal billings and collection, and maintain and review the annual reports submitted by the industry, the agency would require an additional Administrative Assistant II position (\$18,000 and 0.67 FTE in fiscal year 2006 and \$27,000 and 1.0 FTE each year thereafter in salaries and wages), and two Administrative Assistant IV positions (\$46,667 1.33 FTEs in fiscal year 2006 and \$70,000 2.0 FTEs each year thereafter in salaries and wages).

In order to respond to consumer complaints and pursue enforcement activities against registered Tax Refund Anticipation Loan facilitators, the agency would require an additional Attorney IV position (\$42,667 and 0.67 FTE in fiscal year 2006 and \$64,000 and 1.0 FTE each year thereafter in salaries and wages), a Legal Assistant II position (\$23,333 and 0.67 FTE in fiscal year 2006 and \$35,000 and 1.0 FTE each year thereafter in salaries and wages), and an Administrative Assistant III position (\$20,000 and 0.67 FTE in fiscal year 2006 and \$30,000 and 1.0 FTE each year in salaries and wages).

The agency would require \$15,000 in fiscal years 2006 and 2010 for computers and related equipment, \$70,000 in fiscal year 2006 for changes to the agency's licensing database, \$26,000 in fiscal year 2006 and \$39,000 each year thereafter for consumable supplies and other operating expenses, and \$44,808 in fiscal year 2006 and \$67,212 each year thereafter for employee benefits.

The new provisions set out in the bill would generate sufficient additional revenues to offset the required appropriations and FTE cost. This analysis assumes most of the estimated registrants would apply in FY 2006; their application fees would cover start-up costs.

The Office of Attorney General anticipates any legal work resulting from the passage of this bill could be reasonably absorbed with current resources.

Technology

The Office of Consumer Credit Commissioner would require \$70,000 in fiscal year 2006 for changes to its licensing database. The agency would also require computers and related equipment for 6 additional FTEs in fiscal years 2006 and 2010.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Office of Consumer Credit Commissioner, 302 Office of the Attorney General, 451 Department of Banking

LBB Staff: JOB, JRO, MW, RB