

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 13, 2005

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

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

IN RE: HB1042 by Chavez (Relating to the regulation of real estate seller-financers; providing a penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1042, As Introduced: 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	\$170,850	(\$170,850)	2.5
2007	\$140,434	(\$140,434)	2.5
2008	\$140,434	(\$140,434)	2.5
2009	\$140,434	(\$140,434)	2.5
2010	\$140,434	(\$140,434)	2.5

Fiscal Analysis

The bill would require the Savings and Loan Department to regulate real estate seller-financers, to investigate complaints against them, and to collect a registration fee to be set by the agency. The bill would also allow either the agency or the Office of Attorney General to bring an action to enforce orders issued by the agency and obtain injunctive relief.

Real estate seller-financers would not be required to hold a certificate of registration from the agency before January 1, 2006.

The bill would take effect September 1, 2005.

Methodology

The Savings and Loan Department would be required to register approximately 1,200 real estate seller-financers.

The agency would require an additional Administrative Assistant I position (\$21,000 each year for salaries) to register real estate seller-financers and to intake complaints associated with the new registrants. The agency would require an additional Investigator III position (\$35,000 each year for salaries) to investigate and resolve complaints associated with the new registrants. The agency would require an additional 0.5 Attorney IV position (\$27,000 each year for salaries) to impose administrative penalties and conduct hearings and enforcement actions associated with the new registrants.

In addition, the agency would require an additional \$24,684 each year for employee benefits, \$9,000 each year for investigator and attorney travel, and \$14,750 each year for other operating expenses associated with the new positions. The agency would require \$9,000 each year for an administrative law judge to oversee the hearings. In fiscal year 2006, the agency would also require \$20,833 to provide furniture, and \$4,583 to provide computers and related equipment for the new positions. The agency would require \$5,000 in fiscal year 2006 to make changes to its registration database.

It is anticipated that the Savings and Loan Department would set registration fees for the new registrant population at a level sufficient to offset any costs associated with the bill

The Office of Attorney General indicates that any costs associated with the bill could be absorbed within existing resources.

The bill would take effect September 1, 2005.

Technology

The Savings and Loan Department would require \$5,000 to upgrade its registration database and would require funding for computers and related equipment for 2.5 new positions in fiscal year 2006.

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

LBB Staff: JOB, JRO, MW, RB