

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: HB1547 by Pickett (Relating to the form of the loan contract and related documents for a consumer loan.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1547, 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</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	\$330,000	(\$330,000)
2007	\$0	\$0
2008	\$0	\$0
2009	\$0	\$0
2010	\$0	\$0

Fiscal Analysis

The bill would require that for loan contracts regulated by the Office of Consumer Credit Commissioner, documents related to the repayment of the loan be in plain language and written in the language in which the loan was negotiated.

The bill would take effect September 1, 2005.

Methodology

The agency would require \$330,000 in fiscal year 2006 to translate 55 standardized documents into three additional languages (Spanish, Vietnamese, and Chinese) at an average cost of \$2,000 per document per language.

The agency also indicates there would be costs associated with the review of non-standard submittals and to keep the plain language contracts up-to-date in each of the languages. It is anticipated that the agency could absorb these costs within its existing resources.

It is assumed that the agency would increase fees charged to its licensees in order to offset any increase in cost.

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: JOB, JRO, MW, RB