

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 20, 2005

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

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

IN RE: **SB1143** by Carona (relating to a loan secured by personal property with limited recourse against the borrower.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1143, Committee Report 2nd 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)<br>Impact to General Revenue Related<br>Funds |
|-------------|--|
| 2006        | \$0  |
| 2007        | \$0  |
| 2008        | \$0  |
| 2009        | \$0  |
| 2010        | \$0  |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/<br>(Loss) from<br>GENERAL REVENUE<br>FUND<br>1 | Probable Savings/(Cost)<br>from<br>GENERAL REVENUE<br>FUND<br>1 | Change in Number of State<br>Employees from FY 2005 |
|-------------|---|---|---|
| 2006        | \$246,906   | (\$246,906)   | 4.0   |
| 2007        | \$236,906   | (\$236,906)   | 4.0   |
| 2008        | \$236,906   | (\$236,906)   | 4.0   |
| 2009        | \$236,906   | (\$236,906)   | 4.0   |
| 2010        | \$246,906   | (\$246,906)   | 4.0   |

Fiscal Analysis

The bill would require the Office of Consumer Credit Commissioner to license limited recourse secured loan lenders beginning January 1, 2006, and would require licensed lenders to submit an annual report to the agency.

The bill would take effect September 1,2005.

Methodology

In order to license an anticipated 1,000 to 1,500 limited resource secured loan lender locations, the

agency would require one Administrative Assistant II (\$27,000 each year in salary) to process applications, maintain and track bond requirements, maintain current address locations, process annual renewal billing and collection, and maintain and review required annual reports.

The agency would require two Financial Examiner I (\$66,000 each year in salary) and one Financial Examiner II (\$39,500 each year in salary) to enforce consumer protections related to the limited recourse secured loan industry and respond to consumer complaints.

The agency would also require \$39,000 each year for examination travel, \$26,000 each year for supplies, postage, document transmission, and other operating expenses, \$10,000 in fiscal years 2006 and 2010 for computers and related equipment, and \$39,406 each year for employee benefits.

It is anticipated that any costs associated with the bill would be offset by increased fee revenue generated from the new licensed population.

### **Technology**

The Office of Consumer Credit Commissioner would require funding for computers and related equipment for four positions 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, 223 Third Court of Appeals District, Austin, 302 Office of the Attorney General, 450 Savings and Loan Department, 451 Department of Banking, 469 Credit Union Department

**LBB Staff:** JOB, CL, JRO, MW, RB