

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 25, 2007**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

**IN RE: HB1344** by Villarreal (Relating to the regulation of refund anticipation loans; providing an administrative penalty. ), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1344, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$252,119)	\$252,119	3.0
2009	(\$174,619)	\$174,619	3.0
2010	(\$174,619)	\$174,619	3.0
2011	(\$174,619)	\$174,619	3.0
2012	(\$182,119)	\$182,119	3.0

**Fiscal Analysis**

The bill would amend the Finance Code relating to the regulation of refund anticipation loans and provide an administrative penalty for certain violations. The bill would require the commissioner to prescribe the amount of the processing fee necessary to administer the provisions of the bill, make available to the public a list of registered facilitators, and authorize the commissioner to prescribe a registration form for facilitators. This bill also requires the commissioner to monitor and investigate complaints against a facilitator, while authorizing the commissioner to revoke the registration of a facilitator and assess an administrative penalty of \$500 for knowingly and willfully violating certain provisions.

The bill would provide that a person who facilitates refund anticipation loans comply with the registration requirements of the bill beginning January 1, 2008.

This bill would take effect September 1, 2007.

### **Methodology**

Based on information provided by the Office of Consumer Credit Commissioner (OCCC), this analysis assumes that 10,000 authorized electronic return originators would be required to register as tax refund anticipation loan facilitators.

It is estimated that OCCC would have a cost associated with registering tax refund anticipation loan facilitators (facilitators). Based on the analysis of OCCC, it is assumed that registering facilitators and regulating this industry would necessitate additional resources at a cost of \$426,738 through fiscal year 2009.

OCCC also estimates costs for staff of \$110,000 for 3.0 FTEs in fiscal year 2008 through fiscal year 2012. Other operating expenses, travel, equipment, and consumable supplies are estimated at \$142,119 in fiscal year 2008, \$64,619 in fiscal year 2009 through fiscal year 2011, and \$72,119 in fiscal year 2012. Estimated costs also include \$31,119 in fiscal year 2008 through fiscal year 2012 for associated benefits.

OCCC is required by statute to adjust fees to generate revenue sufficient to cover all direct and indirect costs. Therefore, this analysis assumes that any increased costs resulting from this bill would be offset by an equal increase in fee generated revenue.

### **Technology**

It is assumed that there would be a one time technology impact of \$70,000 in fiscal year 2008 to upgrade and enhance the agency's database for tracking this new type of registration.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 466 Office of Consumer Credit Commissioner

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