

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 23, 2007

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

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

IN RE: HB2396 by McCall (Relating to the regulation of consumer debt management services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2396, As Introduced: 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 | (\$54,902) | \$54,902 | 1.0 |
| 2009 | (\$51,402) | \$51,402 | 1.0 |
| 2010 | (\$51,402) | \$51,402 | 1.0 |
| 2011 | (\$51,402) | \$51,402 | 1.0 |
| 2012 | (\$53,902) | \$53,902 | 1.0 |

Fiscal Analysis

The bill would amend the Finance Code relating to the regulation of consumer debt management services by requiring for profit consumer debt management service providers to register with the Office of Consumer Credit Commissioner (OCCC) and requiring the OCCC to regulate this industry. The bill would authorize the establishment of fees pertaining to the provisions of the bill.

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 200 individuals will register as consumer debt management service providers (providers) in FY08, under the provisions of this bill.

It is estimated that OCCC would have costs associated with registering these providers. Based on the analysis of OCCC, it is assumed that registering providers and regulating this industry would necessitate additional resources at a cost of \$106,304 through FY09.

OCCC also estimates costs for staff of \$35,000 for 1.0 FTE in FY08 through FY12. Other operating expenses, equipment, and consumable supplies are estimated at \$10,000 in FY08, \$6,500 in FY09 through FY11, and \$9,000 in FY12. Estimated costs also include \$9,902 in FY08 through FY12 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 \$1,000 in fiscal year 2008 to upgrade and enhance the agency's database for tracking this 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, JRO, MW, TGI