

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

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

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

IN RE: SB753 by Shapleigh (Relating to the regulation of a person who offers, services, or brokers a deferred presentment transaction.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB753, 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	(\$863,902)	\$863,902	1.0
2009	(\$861,402)	\$861,402	1.0
2010	(\$861,402)	\$861,402	1.0
2011	(\$861,402)	\$861,402	1.0
2012	(\$863,902)	\$863,902	1.0

Fiscal Analysis

The bill would amend the Finance Code relating to the regulation of a person who offers, services, or brokers a deferred presentment transaction. The bill would require the commissioner of the Office of Consumer Credit Commissioner (OCCC) to contract with a person to establish a database for the compilation of certain information from persons who offer, service, or broker deferred presentment transactions. The bill would also require the commissioner to analyze data pertaining to the provisions of this bill and prepare a report for the legislature. This bill would authorize the Finance Commission of Texas to adopt certain rules related to implementing the provisions of the bill.

This bill would take effect September 1, 2007.

Methodology

It is estimated that OCCC would have a cost associated with regulating and certifying individuals who offer, service, or broker a deferred presentment transaction. 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 2009.

OCCC also estimates costs for staff of \$35,000 for 1.0 FTE each year from fiscal year 2008 through fiscal year 2012. Other operating expenses, travel, and consumable supplies are estimated at \$9,000 in fiscal year 2008, \$6,500 in fiscal year 2009 through fiscal year 2011, and \$9,000 in fiscal year 2012. Professional services for contracted database services are estimated at \$800,000 each fiscal year from 2008 through fiscal year 2012. Estimated costs also include \$9,902 each year from fiscal year 2008 through fiscal year 2012 for associated benefits.

This analysis assumes that any increased costs resulting from implementing the provisions of the bill would be offset by an equal increase in fee revenue generated because OCCC is required by statute to adjust fees to generate revenue sufficient to cover all direct and indirect costs. Since OCCC reports that fees provided for in the bill are not sufficient to cover all additional expenses, this analysis assumes any additional revenues would be generated from other application or licensing fee increases.

Technology

It is assumed that there would be a one-time technology impact of \$10,000 in fiscal year 2008 to upgrade and enhance the agency's database for tracking this type of certification.

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