

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 7, 2009**

**TO:** Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

**IN RE: HB2556** by Solomons (Relating to the rights and duties of the parties to a motor vehicle retail installment contract or a conditional delivery agreement involving the sale or conditional delivery of a motor vehicle; providing an administrative penalty.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2556, As Engrossed: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

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

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$171,070)	\$171,070	2.0
2011	(\$166,070)	\$166,070	2.0
2012	(\$166,070)	\$166,070	2.0
2013	(\$166,070)	\$166,070	2.0
2014	(\$171,070)	\$171,070	2.0

**Fiscal Analysis**

The bill would amend the Finance Code by allowing motor vehicle retail sellers to enter into a conditional delivery agreement with certain restrictions. A conditional delivery agreement sets requirements involving dealers to provide care for traded-in vehicles before the execution of a retail installment contract. Additionally, the bill would establish conditional delivery agreement rules.

The Office of Consumer Credit Commissioner (OCCC) would be the only place a consumer could file a conditional delivery agreement complaint. The bill would eliminate the consumer's private right of action against the dealer in the case of a contract breach. The commissioner would be allowed to

review the amount paid or required to be paid by the retail seller related to conditional delivery agreements. The bill establishes rules for appealing a decision made by the commissioner.

The bill would take effect September 1, 2009.

### **Methodology**

The analysis is based on information provided by the OCCC and includes the following assumptions:

The OCCC would need 2.0 additional full-time-equivalent positions (FTEs), including one Financial Examiner I with a salary and benefits cost of \$59,785 each fiscal year and one Attorney II with a salary and benefits cost of \$73,285 each year for enforcement of the bill and complaint resolution. Additional costs include \$33,000 each fiscal year for travel, other operating expenses, and consumable supplies for each FTE. A technology cost of \$5,000 in fiscal year 2010 and 2014 is needed for computer equipment and software for the new FTEs.

The OCCC is a self-leveling agency and is statutorily required to generate revenues sufficient to cover all of the agency's direct and indirect costs.

### **Technology**

Includes \$5,000 in fiscal years 2010 and 2014 for computer equipment and software for 2.0 FTEs.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** JOB, KJG, MW, ACa, JRO