LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2556, Committee Report 1st House, Substituted: 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 *General Revenue Fund* 1	Probable Revenue Gain from *General Revenue Fund* 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 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, JRO, MW, ACa