

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB3621 by Solomons (Relating to certain charges included in a motor vehicle installment agreement.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3621, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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 Savings/(Cost) 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	(\$168,570)	\$168,570	2.0
2011	(\$166,070)	\$166,070	2.0
2012	(\$166,070)	\$166,070	2.0
2013	(\$166,070)	\$166,070	2.0
2014	(\$168,570)	\$168,570	2.0

Fiscal Analysis

The bill would amend Chapter 348 of the Finance Code relating to documentary fees charged for handling documents associated with a retail installment contract. The \$50 documentary fee cap on motor vehicle retail installment contracts would be removed, and retailers would instead be able to charge a reasonable fee. The commissioner would be able to review the reasonableness of the fee. The Finance Commission would adopt and enforce rules related to determining standards of reasonableness.

The bill would take effect September 1, 2009.

Methodology

Based on information provided by the Office of Consumer Credit Commissioner, it is assumed that

two additional positions would be needed to implement the provisions of the bill. These would include one Financial Examiner I at a salary and benefits cost of \$59,785 each year and one Attorney II at a salary and benefits cost of \$73,285 each year to determine what is reasonable, to enforce the rules that would be established, and to respond to consumer complaints. Other costs associated with the new FTEs including travel, operating expenses, and consumables would total \$33,000 each year. It is assumed that additional technology costs of \$2,500 in fiscal year 2010 and \$2,500 in fiscal year 2014 for computers and software for new positions would be realized as well.

Duties and responsibilities associated with implementing the provisions of the bill for the Department of Banking and the Department of Savings and Mortgage Lending could be accomplished by utilizing existing resources.

The Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner are self-leveling agencies and are statutorily required to generate revenues sufficient to cover all of the agency's direct and indirect costs.

Technology

Technology costs for the new FTEs include \$2,500 in fiscal year 2010 and \$2,500 in fiscal year 2014 for computers and software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

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