

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

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

**April 8, 2009**

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

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

**IN RE: HB3870** by Darby (Relating to revenue and expenses of certain financial regulatory agencies.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3870, 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 Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Savings from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>New Funds outside</i> <i>Treasury</i>	Probable (Cost) from <i>New Funds outside</i> <i>Treasury</i>
2010	\$0	\$0	\$0	\$0
2011	(\$25,503,000)	\$25,503,000	\$25,503,000	(\$25,503,000)
2012	(\$25,538,000)	\$25,538,000	\$25,538,000	(\$25,538,000)
2013	(\$25,538,000)	\$25,538,000	\$25,538,000	(\$25,538,000)
2014	(\$25,538,000)	\$25,538,000	\$25,538,000	(\$25,538,000)

**Fiscal Analysis**

The bill would amend the Finance Code to establish a Banking Expense Fund, a Department of Savings and Mortgage Lending Expense Fund, and an Office of Consumer Credit Commissioner Expense Fund so that all money paid to these agencies will be held outside of the state treasury. The bill would establish that money in the new funds could be used only for the administration of the business of each agency, and to pay the expenses of the agency. The bill would prohibit expenses incurred by an agency from being charged against the General Revenue Fund. Under the provisions of the bill, the three entities would adopt budgets using generally accepted accounting principles for fiscal years conforming to the state's fiscal year, and make annual reports of the entity's receipts and expenditures to the Governor, Lieutenant Governor, Comptroller, and Speaker of the House.

The bill would require the State Auditor's Office to conduct an annual audit of each agency.

The bill would take effect September 1, 2010.

### **Methodology**

This analysis is based on information provided by the Department of Savings and Mortgage Lending (SML), the Office of Consumer Credit Commissioner (OCCC), the Department of Banking (DoB), the State Auditor's Office (SAO), and the Comptroller of Public Accounts and includes the following assumptions:

DoB, SML, and OCCC are self-leveling agencies and are statutorily required to generate revenues sufficient to cover all of the agency's direct and indirect costs.

According to the Comptroller of Public Accounts, a loss of \$25,503,000 in General Revenue in 2011 and a loss of \$25,538,000 from General Revenue for fiscal years 2012-2014 would be realized with similar fiscal implications continuing after 2014 based on the Comptroller's *2010-11 Biennial Revenue Estimate* and revenue records. Under current law, revenues collected by the entities are deposited to General Revenue Fund. Under the provisions of the bill, revenue collection deposits and expenditures from the identified agencies would change from the General Revenue Fund to funds held outside of the treasury. For the purpose of this analysis, the revenue and cost implications of the bill for DoB, SML, and OCCC are consolidated in the table above under New Funds outside Treasury.

Duties and responsibilities associated with implementing the provisions of the bill for the SAO could be accomplished by utilizing existing resources.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 308 State Auditor's Office, 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner

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