

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 4, 2009

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

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

IN RE: SB242 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 SB242, As Introduced: 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 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	(\$865,028)	\$865,028	1.0
2011	(\$852,528)	\$852,528	1.0
2012	(\$852,528)	\$852,528	1.0
2013	(\$852,528)	\$852,528	1.0
2014	(\$855,028)	\$855,028	1.0

Fiscal Analysis

The bill would amend the Finance Code so that a person who offers or brokers a deferred presentment transaction, including credit service organizations, must be certified and regulated by the Office of Consumer Credit Commissioner (OCCC). The bill would require the OCCC to prescribe a form for certification, and would outline certification fees and bond requirements for a person who offers a deferred presentment transaction. In addition, the OCCC must establish a database that certified persons could submit information required by the bill.

The OCCC would have to prescribe an application for certification no later than November 1, 2009. The bill would require the OCCC to select a database provider no later than January 1, 2010. A person who offers, services, or brokers a deferred presentment transaction would be required to be certified

and file a bond no later than January 1, 2010.

The bill would take effect September 1, 2009.

Methodology

Based on the information provided by the OCCC, it is assumed that OCCC would require one additional Administrative Assistant at the salary and benefits cost of \$46,028 in each fiscal year to process licenses and annual renewal billings for an estimated increase in 1,500 to 2,000 new licensees. Other costs associated with the new FTE include operating expenses and consumable supplies, totaling \$6,500 each fiscal year. Technology costs include \$2,500 in fiscal year 2010 and in 2014 include a computer and software for the new position.

OCCC would need an initial \$10,000 in 2010 for changes to the proprietary database and \$800,000 each fiscal year to contract with a vendor and to implement a database system capable of collecting the data required by the bill.

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

Technology costs include \$2,500 in fiscal years 2010 and 2014 for a computer and software, \$10,000 in fiscal year 2010 for a database upgrade, and \$800,000 each fiscal year 2010-2015 for a data collection database.

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