

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 18, 2009

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

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

IN RE: SB825 by Ellis (Relating to the designation of certain areas as banking development districts to encourage the establishment of financial institution branches in those areas.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB825, 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 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	(\$61,805)	\$61,805	1.0
2011	(\$60,830)	\$60,830	1.0
2012	(\$60,830)	\$60,830	1.0
2013	(\$60,830)	\$60,830	1.0
2014	(\$61,805)	\$61,805	1.0

Fiscal Analysis

The bill would amend the Finance Code by adding Chapter 279, Banking Development Districts, and would allow for the establishment of financial institution branches in areas in need of banking services. The Finance Commission would adopt certain rules regarding the criteria for the designation of banking development districts and review applications for participation.

The bill would take effect September 1, 2009, and the Finance Commission would be required to adopt rules no later than January 1, 2010.

Methodology

Based on the information provided by the Department of Savings and Mortgage Lending (SML), it is assumed that SML would require 1.0 additional FTE, including 0.5 Financial Examiner and 0.5 Administrative Assistant at the total salary and benefits cost of \$59,830 each fiscal year to process and review applications. Additional costs include operating expenses of \$1,000 each fiscal year and a technology cost of \$975 in 2010 and 2014 for a computer.

Based on the analysis of the Department of Banking (DOB), duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

SML and DOB 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 cost of \$975 in 2010 and 2014 for computer equipment.

Local Government Impact

It is assumed that a local government would submit an application for the designation of a banking development district only if funding and partnership opportunities were available.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 469 Credit Union Department, 466 Office of Consumer Credit Commissioner

LBB Staff: JOB, ACa, TP, JRO, MW