

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 11, 2009

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

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

IN RE: SB2233 by Eltife (Relating to the regulation of debt management services providers; providing a penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2233, As Engrossed: 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	(\$297,626)	\$297,626	4.0
2011	(\$277,626)	\$277,626	4.0
2012	(\$277,626)	\$277,626	4.0
2013	(\$277,626)	\$277,626	4.0
2014	(\$287,626)	\$287,626	4.0

Fiscal Analysis

The bill would amend the Finance Code by adding Subchapter D, Uniform Debt Management Services Act, and would require the registration of debt management service providers and debt settlement companies by the Office of Consumer Credit Commissioner (OCCC).

The bill would take effect January 1, 2010.

Methodology

The OCCC estimates there are between 900-1,000 debt settlement companies.

Based on the information provided by the Office of Consumer Credit Commissioner (OCCC), it is assumed that OCCC would require 4.0 additional positions, including 2 Financial Examiners at the salary and benefits cost of \$119,570 each fiscal year for examination and enforcement and 2 Administrative Assistants at the salary and benefits cost of \$92,056 in each fiscal year to process licenses and track the bond requirements for an increase of approximately 1,000 new licensees. Other costs associated with the 4 FTEs include travel costs, other operating expenses, and consumable supplies, totaling \$66,000 each fiscal year. Additional technology costs of \$10,000 in fiscal year 2010 and 2014 include computers and software for new positions. The agency would need \$10,000 in fiscal year 2010 to upgrade the agency's database and servers.

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 \$10,000 in fiscal years 2010 and 2014 for computers and software for 4.0 FTEs and \$10,000 in fiscal year 2010 for a database upgrade.

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

LBB Staff: JOB, JRO, MW, ACa