

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 15, 2021**

**TO:** Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4277** by Thompson, Ed (Relating to requirements related to refunds and credit provided under terminated debt cancellation agreements.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4277, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from Local/Not Appropriated Funds 8888</b>	<b>Probable Revenue Gain/(Loss) from Local/Not Appropriated Funds 8888</b>	<b>Change in Number of State Employees from FY 2021</b>
2022	(\$169,818)	\$169,818	2.0
2023	(\$167,418)	\$167,418	2.0
2024	(\$167,418)	\$167,418	2.0
2025	(\$167,418)	\$167,418	2.0
2026	(\$169,818)	\$169,818	2.0

**Fiscal Analysis**

The bill would remove provisions requiring a holder to refund a debt cancellation agreement fee in the event of cancellation by the buyer and specify that the recipient of the debt cancellation fee is responsible for making the refund in these situations. The bill would amend the finance code to state that a retail seller or administrator must hold the debt cancellation agreement fee in a fiduciary capacity until the fee has been forwarded to the designated party. The bill would also amend the finance code to state that the recipient of the debt cancellation agreement fee is responsible for maintaining records of a debt cancellation agreement refund, and provide that a holder must maintain records of a debt cancellation agreement until the fourth anniversary of the date of the contract.

**Methodology**

The Office of Consumer Credit Commissioner is a self-directed, semi-independent state entity and does not receive appropriated funds. The OCCC is responsible for funding all direct and indirect operational costs and sets the amount of fees, penalties, charges, and revenues required to cover these costs.

The Office of Consumer Credit Commissioner anticipates that 340 exams will have increased exam times in order to verify compliance with these bills. The OCCC assumes that examiners review 20% of the sample for DCA refund compliance (6 files), and that each file will require one additional hour of exam time to verify compliance. As such, the bill would increase exam times by 6 hours for 340 exams for a total of 2040 hours. The agency notes that there are 1276 production hours per examiner, which means the agency would need to request 2.0 additional financial examiner positions. Other costs included are travel and training, as well as standard office supplies and software.

### **Technology**

No fiscal implication to technology is anticipated.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 466 Consumer Credit Comm

**LBB Staff:** JMc, AAL, MB, RRE