

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5351S.01I
Bill No.: SB 1096
Subject: Banks and Financial Institutions; Department of Commerce and Insurance
Type: Original
Date: March 25, 2022

Bill Summary: This proposal modifies various provisions relating to the regulation of certain financial institutions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Division of Finance Fund (0550)	\$38,200	\$108,650	\$108,650
Total Estimated Net Effect on <u>Other</u> State Funds	\$38,200	\$108,650	\$108,650

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§361.020 - 408.500 – Division of Finance Provisions

Officials from the **Department of Commerce and Insurance (DCI)** state the changes to Sections 361.715.2 and 361.715.3 increase the annual license fee and amended license fee for the sale of checks/money transmitters by \$50 per license or amended license. The license year for these lenders runs from March 1 through February 28; therefore, DCI Division of Finance (DOF) anticipates an increase in revenue of \$8,750 beginning with licenses and amended licenses issued on or after March 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 364.030.3 increases the annual license fee for financing companies by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$2,850 beginning with licenses issued on or after January 1, 2023. Though the statute states the fees collected would be deposited into the general revenue fund, pursuant to 361.170.4 RSMo., which supersedes this older section, all consumer licensing fees are credited to the Division of Finance Fund and have been since 1991 as would the increase in these annual licensing fees.

The change to Section 364.105.2 increases the annual license fee for premium financing companies by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$2,600 beginning with licenses issued on or after July 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 365.030.3 increases the annual license fee for motor vehicle financing companies by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$9,100 beginning with licenses issued on or after January 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 367.140.1 increases the annual license fee for small loan and consumer installment lenders by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$65,200 beginning with licenses issued on or after July 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 407.640.5 increases the annual license fee for credit service organizations by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$2,650 beginning with licenses issued on or after July

1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 408.500.1 increases the annual license fee for pay day lenders by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$17,500 beginning with licenses issued on or after January 1, 2023. This revenue would be deposited into the Division of Finance Fund.

For the purposes of this estimate, DOF projects a total of 2,173 licenses. DOF assumes the number of each of these types of lenders will remain flat in the next three years.

In summary, DCI assumes a revenue of \$38,200 in FY 2023, \$108,650 in FY 2024 and FY 2025 as a result of the implementation of the changes in this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated revenue by DCI generated by proposal to the Division of Finance Fund (0550).

Officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Public Defender** and the **Missouri Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the Office of the State Courts Administrator did not respond to **Oversight's** request for fiscal impact for this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
DIVISION OF FINANCE FUND (0550)			
<u>Revenue – DCI</u> Increase in annual license fees §§361.020 - 408.500 p. 3-4	<u>\$38,200</u>	<u>\$108,650</u>	<u>\$108,650</u>
ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND	<u>\$38,200</u>	<u>\$108,650</u>	<u>\$108,650</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal would increase the cost of licenses for certain lenders by \$50 annually.

FISCAL DESCRIPTION

The proposed legislation modifies certain fees collected by the Division of Finance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance

Department of Public Safety

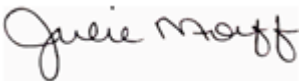
Missouri Highway Patrol

Office of the Secretary of State

Office of the State Public Defender

Joint Committee on Administrative Rules

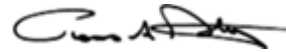
Missouri Office of Prosecution Services



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March 25, 2022



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