

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB265 would adopt the Unsecured Consumer Loan Licensing Act and includes provisions relating to licensure under the Delayed Deposit Services Licensing Act and the Nebraska Installment Loan Act.

Among its provisions, the bill provides for a fee of \$500 for initial licensure under the Unsecured Consumer Loan Licensing Act. Revenue from this initial licensure application fee is to accrue to the Financial Institution Assessment Cash Fund administered by the Department of Banking and Finance. The Department estimates related Financial Institution Assessment Cash Fund revenue as follows:

FY2019-20 --- 15 applications for initial licensure @ \$500 per application --- FY2019-20 cash fund revenue: \$7,500  
 FY2020-21 --- 10 applications for initial licensure @ \$500 per application --- FY2020-21 cash fund revenue: \$5,000

The bill provides for an annual licensure renewal fee of \$500 for main offices as well as \$500 for branch offices. Of the \$500 main office license renewal fee, \$150 is to be credited to the Financial Institution Assessment Cash Fund and \$350 is to be credited to the Financial Literacy Cash Fund (administered by the University of Nebraska). Of the \$500 branch office license renewal fee, \$100 is to be credited to the Financial Institution Assessment Cash Fund and \$400 is to be credited to the Financial Literacy Cash Fund. The Department estimates related Financial Institution Assessment Cash Fund revenue as follows:

FY2019-20 -- 0 applications for main office licensure renewal @ \$150 per application --- FY2019-20 cash fund revenue: -0-  
 FY2020-21 -- 15 applications for main office licensure renewal @ \$150 per application --- FY2020-21 cash fund revenue: \$2,250

FY2019-20 -- 0 applications for branch office licensure renewal @ \$100 per application -- FY2019-20 cash fund revenue: -0-  
 FY2020-21 -- 20 applications for branch office licensure renewal @ \$100 per application -- FY2020-21 cash fund revenue: \$2,000

Assuming the Department's estimate with respect to licensure renewal applications, an estimate of related revenue to accrue to the Financial Literacy Cash Fund is as follows:

FY2019-20 --- 0 applications for main office licensure renewal @ \$350 per application --- FY2019-20 cash fund revenue: -0-  
 FY2020-21 --- 15 applications for main office licensure renewal @ \$350 per application --- FY2020-21 cash fund revenue: \$5,250

FY2019-20 -- 0 applications for branch office licensure renewal @ \$400 per application -- FY2019-20 cash fund revenue: -0-  
 FY2020-21 -- 20 applications for branch office licensure renewal @ \$400 per application -- FY2020-21 cash fund revenue: \$8,000

In addition to estimates of initial and renewal licensure cash fund revenue as noted above, the Department of Banking and Finance cites fiscal implications with respect to financial institution examination workload (i.e. Unsecured Consumer Loan Licensees) and workload associated with a new credential application process and new reporting requirements. However, the Department effectively indicates these fiscal implications would be addressed within existing budget resources in the event LB265 were to be enacted.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 265	AM:	AGENCY/POLT. SUB: Department of Banking & Finance
REVIEWED BY: Neil Sullivan	DATE: 1/28/2019	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Banking & Finance assessment of fiscal impact from LB 265.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 265	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Neil Sullivan	DATE: 2/15/2019	PHONE: (402) 471-4179
COMMENTS: Disagree with the University of Nebraska assessment of fiscal impact from LB 265. There will be a revenue impact.		
The University of Nebraska Financial Literacy Cash Fund will receive \$350 of each main office license renewal fee and \$400 of each branch office license renewal fee. The Department of Banking and Finance estimates 15 main office renewals and 20 branch office renewals in FY 2020-21. This would be \$13,250 additional revenue in FY 2020-21.		
TECHNICAL NOTE: The bill creates the Financial Literacy Cash Fund which already exists in statute.		

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**2019**

**LB<sup>(1)</sup> 265**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Banking & Finance

Prepared by: <sup>(3)</sup> Margo Sawyer Date Prepared: <sup>(4)</sup> 1/24/19 Phone: <sup>(5)</sup> 471-4954

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	<u>7,500</u>	_____	<u>31,000</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>7,500</u>	<u>_____</u>	<u>31,000</u>

**Explanation of Estimate:**

LB 265 would adopt the Unsecured Consumer Loan Act. The Nebraska Department of Banking and Finance would administer the Act.

The Department estimates 15 applications for licenses the first year with an additional 10 applications the second year. The application fee is \$500; the revenue from application fees is estimated at \$7,500 the first year, and \$5,000 the second year. Annual renewal fees for main offices are \$500 with the Department receiving \$150 of that fee (\$350 to the University of Nebraska Financial Literacy Cash Fund), for a revenue of \$2,250 in the second year. This bill does not require an application fee for branches office, but does require a renewal fee of \$500 for branches, with the Department receiving \$100 of that fee (\$400 to the University of Nebraska Financial Literacy Cash Fund). The Department estimates 20 branches for a revenue of \$2,000 in the second year.

The Department estimates the cost of an examination per licensee at \$1,450 (10 hours at \$145/hour), with examinations approximately every 12 months. The Department estimates conducting 15 examinations the second year for a revenue of \$21,750.

New credential application process and new reporting requirements would require approximately 300 hours of Review Examiner, Legal and Clerical time to build. Such process would be absorbed into the existing budget.

This bill would require the licensees to utilize the Nationwide Mortgage Licensing System. The licensee will incur an additional fee for filing with NMLS, in addition to the fees payable to the Department.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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**2019**

**LB<sup>(1)</sup> 265**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> January 29, 2019 Phone: <sup>(5)</sup> 402-472-7109

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Explanation of Estimate:

LB 265 includes the Financial Literacy Cash Fund administered by the University, but does not appear to have a change in fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>