

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS		(52,300)		(16,550)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		<b>(52,300)</b>		<b>(16,550)</b>

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

LB 908 would require delayed deposit services (DDS) licensees to be licensed and registered through the Nationwide Mortgage Licensing System and for the Nationwide Mortgage Licensing System (NMLS), or its designee, to charge transaction and other fees relating to the Delayed Deposit Services Licensing Act. The bill also allows the director to establish requirements for background checks, reporting, privacy policies, auditing and other provisions regarding monitoring and providing information to the US government through the Nationwide Mortgage Licensing System

Additionally, the bill requires licensees to designate a principal place of business in the state rather than to obtain a license for each county in which it operates. Currently, there are 23 companies that hold licenses in multiple counties for a total of 72 main licenses. The Department of Banking & Finance estimates a .66% conversion rate of main offices that would be converted to branches resulting in a reduction of 49 delayed deposit services main office if LB908 were to be enacted. Therefore, only the 23 main offices would remain and continue to be required to submit license renewal fees. It is then estimated that 49 main offices would be eligible to convert to branches and there are currently 39 branches thus estimating a total number of branches as 71.

The bill provides for a transitional licensing period for licensees to transition to utilize the Nationwide Mortgage Licensing System from May 1, 2020 through December 31, 2021. Licenses issued between May 1, 2020 and December 31, 2020 will remain in effect until December 31, 2021. Licenses issued on or after January 1, 2021 will remain in effect until December 31, 2021.

During the transition period occurring in FY 2020-2021, the renewal fees will not be collected in May 2021 resulting in a one year fiscal loss. Renewal collection will resume December 2021 and will be collected in May 2022; (FY 2021-2022) however, the revenue will be reduced indefinitely as the fees collected by Department of Banking due to the conversion of main branches to bank offices.

A portion of the delayed deposit service licenses is allocated to the University of Nebraska for the Financial Literacy cash Fund which is utilized to provide a financial literacy programs for K-12<sup>th</sup> graders. The collection of the fees from the licensing would reflect the reductions in revenues in the same manner as the Department of Banking.

Per Sec. 45-910, delayed deposit services licensure renewal fees are allocated as follows: Main Office Branch Office License Renewal License Renewal Financial Institutions Assessment Cash Fund (Banking & Finance) receives \$150 for main offices and \$100 for branch offices. The Financial Literacy Cash Fund (University of Nebraska) receives \$350 for main offices and \$400 for branch office renewals.

	<b>FY 2020-2021</b>		
	<u>Main Office License Renewal</u>	<u>Branch Office License Renewal</u>	<u>Revenue Loss</u>
Financial Institutions Assessment Cash Fund (Banking & Finance)	\$10,800	\$3900	\$14,700
Financial Literacy Cash Fund (University of Nebraska)	\$25,200	\$12,400	<u>\$37,600</u>
<b>TOTAL Revenue Loss 2020-2021</b>			<b>\$52,300</b>

	<b>FY 2021-2022</b>	
	<u>Main Office License Renewal</u>	
Financial Institutions Assessment Cash Fund (Banking & Finance)	\$4150	
Financial Literacy Cash Fund (University of Nebraska)	<u>\$12,400</u>	
<b>TOTAL Revenue Loss 2021-2022</b>	<b>\$16,550</b>	

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 908                      AM:                      AGENCY/POLT. SUB: Department of Banking and Finance

REVIEWED BY: Neil Sullivan                      DATE: 1/22/2020                      PHONE: (402) 471-4179

COMMENTS: The Department of Banking and Finance assessment of fiscal impact from LB 908 appears reasonable.

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**2020**

**LB<sup>(1)</sup> 908 REVISED**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Margo Sawyer Date Prepared: <sup>(4)</sup> 1/22/20 Phone: <sup>(5)</sup> 402-471-4954

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

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	-14,700	_____	-4,150
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>-14,700</b>	<b>=====</b>	<b>-4,150</b>

**Explanation of Estimate:**

This bill would require delayed deposit services (DDS) licensees to utilize the Nationwide Mortgage Licensing System. The bill would also require licensees to designate a principal place of business in the state rather than obtain a license for each county in which it operates. Currently, there are 23 companies that hold licenses in multiple counties, for a total of 72 licenses. As a result, the total number of main office licenses would be reduced by 49. The annual renewal cost for a DDS license is \$500, with the Department receiving \$150 of that fee (\$350 to the Financial Literacy Cash Fund), for an annual revenue loss of \$4,150 for the Department.

This bill provides for a transitional licensing period for licensees to utilize the Nationwide Mortgage Licensing System from May 1, 2020 through December 31, 2021. Licenses issued between May 1, 2020 and December 31, 2020 will remain in effect until December 31, 2021. Licenses issued on or after January 1, 2021 will remain in effect until December 31, 2021. As such, renewal fees of \$10,550 (23 Companies at \$150 and 71 Branches at \$100) will not be collected in May 2021 resulting in a one fiscal year revenue loss. Renewal collection will resume December 2021.

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>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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>