

OFFICE OF FISCAL ANALYSIS

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sHB-5211

AN ACT CONCERNING COMMERCIAL FINANCING.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Banking Dept.	BF - Revenue Gain	Minimal	Minimal
Banking Dept. ¹	BF - Potential Cost	85,700	167,400

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill: (1) requires certain providers of sales-based financing to disclose an estimated annual percentage rate (APR) for all sales-based financing transactions and comply with other new requirements, and (2) expands the types of such providers that must register with the Department of Banking. The bill results in a potential cost to the Banking Fund of up to \$85,700 in FY 27 and \$167,400 in FY 28 and annually thereafter, as well as a minimal annual revenue gain beginning in FY 27.

The bill's potential cost is associated with one new financial examiner that may be needed if the bill's changes result in a significantly higher volume or complexity of consumer complaints. There were 10 complaints to the banking department regarding sales-based financing

¹The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 85.92% of payroll in FY 27.

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in the last year.

Should this position be needed, the annualized cost is expected to be \$90,000 in salary and \$77,400 in fringe benefits, potentially beginning in FY 28. If the new position is hired halfway through FY 27, personnel costs in FY 27 would be \$45,000 and \$38,700 respectively. Other expenses for the new position would total \$2,000 upon hiring, for a laptop and related supplies.

The bill also results in revenue gain to the Banking Fund of \$1,000 per each new registration and a \$500 annual fee, beginning in FY 27. The number of new entities registering is expected to be low, resulting in minimal revenue gain.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to: (1) the volume of complaints associated with the bill's new requirements on sales-based financing providers, (2) the number of newly registered commercial financing providers, and (3) inflation.