

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$12,500		\$12,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$12,500		\$12,000

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

LB 363 proposes updates of current laws relating to banking and finance as requested by the Nebraska Department of Banking and Finance (NDBF). Sections 17, 25, and 27 affect the Financial Institutions Cash Fund. Section 14 affects the Securities Act Cash Fund

The requested updates are as follows:

- 1) Section 17 of the bill would provide an exemption from the licensing requirements of the Money Transmitters Act. The licensing fee for an initial money transmitter application is \$1000 and the annual renewal is \$250. NDBF is working under the assumption that two of its current licenses would be exempt if the bill was enacted and the corresponding decrease for those licenses would be a decrease of \$500 in FY22. Beginning in 2023, it is believed that 5 additional companies would be exempted from the licensing fee for an estimated revenue loss of \$5000 per fiscal year. Total estimated revenue loss for the licensing under the Money Transmitters Act is \$500 in FY22 and \$5,500 in FY23.
- 2) Section 14 of the bill would enact a fee of \$200 for certain late filings under the Securities Act of Nebraska. Based on historical data, NDBF estimates 65 late filings in FY22 and 75 late filings beginning in FY23 and each successive year. The total revenue for FY22 is \$13,000 and for FY23 is \$15,000.
- 3) Section 25 of the bill would add additional parties that are required to be licensed to the definition of “sales finance company” under the Installment Sales Act. The application fee for the license is \$150. NDBF estimates 10 new installment sales licenses per year beginning in FY23. The total revenue beginning in FY23 is \$1,500.
- 4) Section 27 of the bill would add additional parties that are required to be licensed under the Installment Loan Act. The application fee is \$500. NDBF estimates 2 new licenses per year beginning in FY23 due to the Act’s requirement for a physical office in Nebraska. The total revenue beginning in FY23 is \$1,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 363	AM:	AGENCY/POLT. SUB: Department of Banking & Finance
REVIEWED BY: Neil Sullivan	DATE: 1/22/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Banking & Finance assessment of fiscal impact from LB 363 appears reasonable.		

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2021

LB⁽¹⁾ 363

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking and Finance

Prepared by: ⁽³⁾ Margo Sawyer Date Prepared: ⁽⁴⁾ 1/21/21 Phone: ⁽⁵⁾ 402-471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	12,500.00	_____	12,000.00
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	12,500.00	=====	12,000.00

Explanation of Estimate:

LB 363 was introduced at the request of the Department of Banking and Finance to update a number of laws under its jurisdiction.

Section 17 of the bill would provide an exemption from the licensing requirements of the Money Transmitters Act. The fee for an initial money transmitter application is \$1,000.00, and the annual renewal fee is \$250. The Department believes two of its current licensees would be able to claim an exemption from licensing if the exemption was enacted, so the fiscal impact from those licensees be a decrease of \$500 annually.

Loss Estimate of # of companies that should be licensed that will benefit from the exemption:

We estimate there will be an additional 5 companies licensed with the Secretary of State that would have required a money transmitter license, 5 x \$1,000 = \$ 5,000 in estimated revenue loss per fiscal year beginning FY2023.

Section 14 of the bill would adopt a cure process for certain late filings under the Securities Act of Nebraska; the process would include a \$200 late fee. Based on the number of securities filing withdrawals since FY 2017/2018 (due to missing the deadline), NDBF estimates 65 late filings the first year, and an additional 10 per year in each successive year.

65 filings x \$200/filing = \$13,000

75 filings x \$200/filing = \$15,000

NDBF will utilize existing resources to process the cure notices and fees.

Section 25 of the bill would update the definition of 'sales finance company' under the Installment Sales Act to include additional parties involved in an installment sales transaction. NDBF estimates 10 new installment sales licensees per year beginning with FY 2022 - 23. The application fee is \$150, so a small increase in revenue is expected (\$150 x 10 = \$1,500) from initial applications. NDBF will handle the anticipated additional applications and renewals with existing resources.

Section 27 of the bill would update the Installment Loan Act to include additional parties involved in an installment loan transaction. NDBF estimates 2 new installment loan licenses per year beginning with FY 2022- 23. The lower number is due to the Act's requirement for a physical office in Nebraska. The application fee is \$500, so a small increase in revenue is expected (\$500 x 2 = \$1,000). NDBF will handle the anticipated additional applications and renewals with existing resources.

Sections 17, 25, and 27 affect the Financial Institutions Cash Fund. Section 14 affects the Securities Act Cash Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____

Operating	_____	_____
Travel	_____	_____
Capital outlay	_____	_____
Aid	_____	_____
Capital improvements	_____	_____
TOTAL	_____	_____