

# FISCAL NOTE

**Bill #:** HB0539

**Title:** Regulate auto title loan businesses

**Primary**

**Sponsor:** Jeff Mangan

**Status:** Second Reading

---

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

---

## Fiscal Summary

	<b><u>FY2002</u></b> <b><u>Difference</u></b>	<b><u>FY2003</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$5,000	\$1,500
<b>Revenue:</b>		
State Special Revenue	\$57,500	\$91,800
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

---

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

---

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Commerce**

1. HB 539 as amended creates the Montana Title Loan Act, which would be administered by the Department of Commerce Banking and Financial Institutions Division. HB 539 provides for the licensure, examination, and regulation of title loan businesses operating in Montana.

2. There are currently 38 entities operating in Montana which would qualify for licensure under HB 539 that are currently licensed under the Consumer Loan Act. However, recent yellow page listings show at least 47 entities having a physical presence in Montana that would also appear to be qualified for licensure.
3. Should HB 539 be enacted, it would be the intention of the Banking and Financial Institutions Division to use existing FTE to meet the licensure and regulatory requirements contained in the bill. These FTE are currently budgeted for in HB 2 in the division state special revenue account. However, the division would require the necessary appropriation authority to develop and implement administrative rules, conduct hearings, print notices, and other miscellaneous costs. It is estimated that operating expenses would be approximately \$5,000 in FY 2002 and \$1,500 in FY 2003. Revenues are estimated to be \$57,500 in FY 2002 (85 licenses @ \$500 = \$42,500 + examination fees of \$15,000) and \$91,800 in FY 2003 (35 licenses @ \$500 = \$17,500 + renewals of \$42,500 and examination fees of \$31,800). Expenditures and revenues would be recorded in the division current state special revenue fund (see technical note below).

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$5,000	\$1,500
<u>Funding:</u>		
State Special Revenue (02)	\$5,000	\$1,500
<u>Revenues:</u>		
State Special Revenue (02)	\$57,500	\$91,800
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	\$52,500	\$90,300

TECHNICAL NOTES:

1. HB 539 as amended does not state where the proposed financial activity (revenues and expenses) are to be recorded. This fiscal note is based upon the assumption that all financial activity would be recorded in the division state special revenue account. HB 539 would be clear if it were amended to specify that the proposed financial activity is to be recorded in the division state special revenue account.