

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1242 - SB 1360

March 8, 2013

SUMMARY OF BILL: Grants the Commissioner of the Department of Financial Institutions (DFI) the power to enforce any provision of Tennessee Code Annotated, Title 47, against any entity regulated by the Commissioner.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$31,300/One-Time/DFI
\$2,031,600/Recurring/DFI**

Assumptions:

- According to DFI, the Compliance Division of the Department is currently authorized to enforce certain statutory provisions in Chapter 14 (Interest Rates Generally), Chapter 15 (Interest on Home Loans), and Chapter 30 (Home Equity Conversion Mortgages) of Title 47 of Tennessee Code Annotated against certain non-bank entities regulated by the Department.
- The proposed legislation would authorize all of the divisions of the Department to enforce all 50 Chapters (Chapters 33 through 49 are reserved) of Title 47 against any entity regulated by DFI.
- To accomplish the provisions of this bill, DFI would be required to: develop new programs and policies to examine entities for compliance with Title 47; process consumer complaints and referrals alleging violations of Title 47; provide training/professional education for DFI personnel concerning the enforcement of Title 47; and initiate investigations and prosecute administrative enforcement actions against entities based upon alleged violations of Title 47.
- In order to carry out all duties and responsibilities imposed by the bill, DFI will require additional personnel to fill the following 25 positions: 2 Administrative Services Assistant (ASA) II positions to assist with the investigation and prosecution of administrative enforcement actions; 3 ASA III positions to process consumer complaints and referrals; 2 Financial Institutions Safety and Soundness Administrators to develop policies and protocols, to coordinate training/professional education of DFI personnel, and to review results of investigations for possible prosecution; 2 Attorney III positions to provide advice and counsel concerning the enforcement of Title 47, to assist with investigations, and to prosecute administrative enforcement actions; and 16 Examiner IV

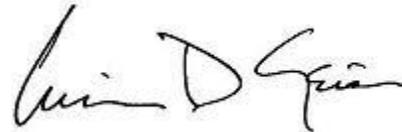
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positions to conduct examinations of entities for compliance with Title 47 and to conduct investigations.

- The recurring increase in state expenditures associated with these 25 positions is estimated to be \$2,031,648 (\$1,462,944 salary + \$369,863 benefits and insurance + \$160,000 travel + \$18,500 ongoing training + \$20,341 connections and networking). Of this amount, \$876,457 will be funded by appropriations from a dedicated revenue source (bank assessment collections) and \$1,157,591 will be funded by current services revenue collected from credit unions and other financial institutions.
- The one-time increase in state expenditures associated with these 25 positions is estimated to be \$31,310 (\$28,910 computes and printer + \$2,400 training). Of this amount, \$12,998 will be funded by appropriations from a dedicated revenue sources (bank assessment collections) and \$15,912 will be funded by current services revenue collected from credit unions and other financial institutions.
- DFI will have greater authority to bring a cause of action under the Consumer Protection Act. Any cause of action that DFI decides to bring will result in additional work by the Office of Attorney General and Reporter to represent DFI in court. Any cost incurred by the Attorney General's Office can be accommodated within existing resources.
- The provisions of this bill will not change the current authority of the Department of Commerce and Insurance under the Consumer Protection Act and will not result in a fiscal impact to the Department.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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