

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 414 (Chairman, Finance Committee)

(Departmental - Labor, Licensing and Regulation)

Finance

Referred to Commerce and Government Matters

**Commissioner of Financial Regulation - Licensing**

This amended departmental bill alters the license renewal process for consumer credit and collection agency licenses issued by the Commissioner of Financial Regulation from a one-year cycle to a two-year cycle. The bill also adjusts the associated licensing fees to reflect the longer term.

**Fiscal Summary**

**State Effect:** General fund revenues increase by an estimated \$2.13 million in FY 1998. Out-year revenues reflect a biennial licensing term and zero net industry growth. Expenditures would not be affected.

(in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$2.13	(\$1.61)	\$2.13	(\$1.61)	\$2.13
GF Expenditures	0	0	0	0	0
Net Effect	\$2.13	(\$1.61)	\$2.13	(\$1.61)	\$2.13

*Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds*

**Local Effect:** None.

**Small Business Effect:** The Department of Labor, Licensing and Regulation has determined that this bill has minimal impact on small business (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

## **Fiscal Analysis**

**State Revenues:** The bill alters the license application and renewal process for the State's 1,900 mortgage lenders, 450 installment loan providers, 200 consumer loan officers, 750 debt collection agencies, and 400 sales finance providers. License fees are adjusted to reflect the altered license term in the following manner:

- mortgage broker license fees change from \$500 annually to a \$1,000 fee paid biennially;
- installment loan providers license fees change from \$850 annually to a \$1,700 fee paid biennially;
- consumer loan officer licenses fees change from \$850 a year to \$1,700 every two years;
- debt collection agency license fees change from \$200 a year to \$400 biennially; and
- sales finance provider license fees change from \$125 per year to \$250 biennially.

Revenues would increase by an estimated \$2.13 million in fiscal 1998. This is also the revenue gain projected for fiscal 2000 and 2002. This increase in revenues is a result of the difference in estimated revenues from the current one-year licensing term of approximately \$2.03 million, and the revenue collected under the new two-year term estimated to be \$4.16 million. In the non-renewal out-years, a revenue loss of approximately \$1.61 million is projected. This projection is based on the difference between the annual revenues forgone annually under the new two-year licensing term of \$2.03 million and the amount of revenue projected to be generated by new licenses estimated at \$415,000.

The Office of Financial Regulation advises that there is no net growth in this industry, thus although there are new licenses included in the out-years, the level of non-renewals is assumed to keep the overall level of licensure relatively constant.

---

**Information Source(s):** Department of Labor, Licensing and Regulation (Office of Financial Regulation); Department of Fiscal Services

**Fiscal Note History:** First Reader - February 3, 1997

lc Revised - Senate Third Reader - March 12, 1997

---

Analysis by: Shelley Finlayson

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710