

Fiscal Note

BILL # SB 1463

TITLE: DIFI; omnibus

SPONSOR: Livingston

STATUS: Senate Engrossed

PREPARED BY: Jeremy Gunderson

Description

The bill makes numerous changes to current statutes relating to the Department of Insurance and Financial Institutions (DIFI). Among other changes, the bill: 1) removes several application and renewal fees for financial institutions and financial enterprises, 2) creates a \$300 application fee for premium finance companies, and 3) allows the department to contract for testing services of mortgage brokers.

Estimated Impact

Based on historical fee data, we estimate the bill would decrease net General Fund revenue collected from financial institution and financial enterprise fees by an estimated \$(229,200).

Analysis

A.R.S. § 6-126 currently requires financial institutions and financial enterprises to pay an application fee prior to receiving a license. The revenue generated from these license application fees is deposited in the General Fund. The bill would eliminate the following fees:

- \$50 fee to move a financial enterprise office
- \$100 fee for a financial enterprise duplicate license
- \$250 fee to change the responsible person listed on a mortgage broker or mortgage banker license
- \$250 fee to change the active manager on a collection agency or money transmitter license
- \$250 fee to change the license name for a loan originator or appraiser license

Based on historical license filing fees, DIFI estimates General Fund revenues will be reduced by \$(228,000) annually as a result of eliminating these fees.

The bill also creates a \$300 initial application fee for a premium finance company license. According to DIFI, in FY 2020 there was only 1 new premium finance company license issued. This analysis assumes there will be 1 license application per year, generating \$300 in annual fee revenue deposited in the General Fund.

The bill also allows the department to contract with a vendor to provide testing services to mortgage brokers and allows vendors to charge a fee higher than the current \$50 fee. In FY 2020, DIFI collected \$1,500 in mortgage broker testing fees. DIFI will no longer collect this revenue as the bill requires these fees be paid directly to the vendor. As such, DIFI will incur some cost savings based on staff time spent administering tests. DIFI did not provide an estimate of these savings; we expect these savings to be minimal.

In addition to the fees listed above, the bill also eliminates a number of other authorized fees including fees for deferred presentment companies, money transmitters, collection agencies, or business development corporation that the department does not currently levy and therefore will have no fiscal impact.

Local Government Impact

None

4/9/21