

# OFFICE OF FISCAL ANALYSIS

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sHB-6495

AN ACT CONCERNING EQUITY AND FAIR LENDING.

As Amended by House "A" (LCO 8631)

House Calendar No.: 190

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Banking Dept.	BF - Cost	Up to \$75,000	None
Banking Dept.	BF - Potential Cost	None	See Below

Note: BF=Banking Fund

***Municipal Impact:*** None

### ***Explanation***

The bill requires the Department of Banking (DOB) to implement fair lending examination procedures which will result in a cost of up to \$75,000 for specialized software and training necessary to perform the examinations. The bill also allows the Department of Banking to conduct fair lending examinations as the commissioner deems necessary. To the extent that this could result in additional examinations, there may be a potential cost for staffing in FY 23.

The estimate of a one-time cost in FY 22 of \$65,000 - \$75,000 for the DOB software related expense is based on the cost to the Department of Revenue Services for a similar expenditure, as information was not available for the DOB specific software.

As the language regarding fair lending examinations is permissive, any future staffing cost would be based on the number of examinations performed. It is anticipated that due to the complexity of

the fair lending examinations they would be performed by a Principal Financial Examiner.<sup>1</sup> The salary range for a Principal Financial Examiner is \$90,203 - \$115,434. Based on the starting salary and fringe benefit rate charged to the Banking Fund<sup>2</sup>, the Principal Financial Examiner position has an annualized cost of approximately \$176,400 to the Banking Fund and a one-time cost of \$5,000 for equipment and training. The department anticipates that one Principal Financial Examiner will perform approximately 6 examinations per year.

The bill also allows the Banking Commissioner to permit individuals licensed or registered by the department to conduct activity from a location other than the licensed office location which has no fiscal impact.

House "A" strikes the underlying bill and replaces it with language that results in the fiscal impact identified above.

### ***The Out Years***

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<sup>1</sup> The agency currently has 15 Principal Financial Examiner positions.

<sup>2</sup> The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, rather than the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 95.57% of payroll in FY 22 and FY 23.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*Sources: Comptroller of the Currency Fair Lending Handbook  
Core-CT Financial Accounting System  
Department of Banking*