

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-183

AN ACT CONCERNING FAIR LENDING.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Banking Dept.	BF - Cost	None	Up to \$75,000
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 not later than July 1, 2024 which will result in a cost of up to \$75,000 in FY 24 for specialized software and training necessary to perform the examinations. The bill also allows the DOB to conduct fair lending examinations as the commissioner deems necessary. To the extent that this could result in additional examinations, there may also be a potential cost for staffing in FY 24.

The estimate of a one-time cost in FY 24 of \$65,000 - \$75,000 for the specialized software is based on the cost to the Department of Revenue Services for a similar product, as information was not available for the DOB specific software.

As 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.¹ 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 Fund², the Principal Financial Examiner position has an annualized cost of approximately \$180,160 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 six examinations per year.

The Out Years

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

*Sources: Core-CT Financial Accounting System
Department of Banking*

¹ The agency currently has 14 Principal Financial Examiner positions.

² 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 99.73% of payroll in FY 23.