

OFFICE OF FISCAL ANALYSIS

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sSB-1032

AN ACT REQUIRING CERTAIN FINANCING DISCLOSURES.

As Amended by Senate "A" (LCO 7458), Senate "B" (LCO 8691)

House Calendar No.: 638

Senate Calendar No.: 136

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Banking Dept.	BF - Cost	None	440,655
Banking Dept.	BF - Potential Revenue Gain	None	See Below

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The amendment (1) requires certain lenders to disclose information on commercial financing transactions, (2) requires the Department of Banking (DOB) to enforce the amendment's provisions and maintain a registry of providers and commercial financing brokers, and (3) allows DOB to adopt implementing regulations, resulting in a cost of \$440,655 and a potential revenue gain to the Banking Fund in FY 25.

Cost:

To maintain the registry and enforce the provisions of the amendment, DOB will need to hire one Staff Attorney 2 and one and a half Financial Examiners. The estimated starting salaries of these positions are \$97,140 and \$76,385 respectively, with an additional cost of \$100,453 and \$78,990 for associated fringe benefits.¹ There is also a

¹ The fringe benefit costs for employees funded out of other appropriated funds, such as the Banking Fund, are budgeted within the fringe benefit account of those funds, as

one-time cost of \$10,000 for training and equipment in FY 25.

Potential Revenue Gain:

Any provider or commercial financing broker that registers with DOB is subject to an initial registration fee of \$1,000 and an annual renewal fee of \$500, resulting in a potential revenue gain depending on the number of entities that register. Violations of the amendment's provisions are subject to civil penalty, resulting in a potential revenue gain depending on the number of penalties and the fines imposed.

The remaining provisions of the bill are not anticipated to result in a fiscal impact to the state.

Senate "B" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

Senate "A" amends the original bill, which has no effect on the fiscal impact of the bill as amended by Senate "B."

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of registrants, number of penalties and the fines imposed, and inflation.

Sources: Department of Administrative Services website

opposed to 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 103.41% of payroll in FY 24.