



DEPARTMENT OF AUDITS AND ACCOUNTS

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December 11, 2019

Honorable Randy Robertson
State Senator
305-A Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill (LC 50 0002)

Dear Senator Robertson:

This bill would require the Department of Banking and Finance (DBF) to license and regulate the motor vehicle title lender industry. Any person making motor vehicle title loans in Georgia must apply for a license from DBF. In addition to issuing licenses, DBF would be responsible for performing regular examinations of licensees to ensure they are abiding by the terms of the license. There is no complete listing on the number of motor vehicle title loan locations in Georgia, which is an important factor in estimating the cost of the bill.

DBF costs would increase \$175,600 to \$236,300 annually (see **Exhibit 1**), depending on the number of lending locations. DBF would also incur one-time costs of \$106,000 to \$129,000 for the new regulatory programs associated with modifications to its IT system and employee related expenses (see **Exhibit 2**). The estimates also assume that the complexity of the DBF examinations of licensees would resemble those currently performed for money service businesses.

Exhibit 1
DBF Additional Staffing and Operating Costs

	2 Employees	3 Employees
Salary and Benefits	\$168,000	\$225,600
Mobile Phones	\$1,400	\$2,100
Telecommunication Charges	\$2,800	\$4,200
Computer and Accreditation Costs	\$3,400	\$4,400
TOTAL	\$175,600	\$236,300

Exhibit 2
DBF One-Time Costs

	2 Employees	3 Employees
IT system	\$40,000	\$40,000
Vehicles	(1) \$20,000	(2) \$40,000
Office Renovations	\$40,000	\$40,000
Computer & Supplies	\$6,000	\$9,000
TOTAL	\$106,000	\$129,000

The estimates are based on a range of title loan companies and locations—102 companies and 419 locations as reported by the Center for Responsible Lending to 180 companies and 737 locations using U.S. Department of Labor statistics (the Labor data also includes pawnshops).

- Annual costs would vary based on the number of employees. Based on the assumption of 419 locations, DBF estimated that two additional employees will be needed at an approximate salaries and benefits cost of \$168,000. Other annual costs would total \$7,600. If 737 locations are assumed, DBF would need three additional employees at an approximate cost of \$225,600 for salaries and benefits. Other annual costs would total \$10,700.
- One-time costs vary due to the number of \$20,000 vehicles required (one or two), as well as a difference in computer and supply costs.

Potential Revenue Generated by Fees

This bill would allow DBF to charge a licensing fee to offset the cost of investigating and providing licenses to each company that is in the business of motor vehicle tile loans. The agency has not determined the appropriate fee levels at this point; however, we have provided the fee schedule for money service businesses as an example. Each money service business pays an initial \$850 fee and a \$300 annual renewal fee. In addition, each branch pays a \$300 initial fee and a \$30 annual renewal fee. Finally, DBF charges \$65 per hour for its examination of the company.

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget