



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 20, 2020

Honorable William T. Ligon
Chair, Senate Committee on Banking and Financial Institutions
121-H State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill (LC 50 0051-EC)

Dear Chairman Ligon:

This bill would transfer the Industrial Loan Program¹ from the Office of the Insurance and Safety Fire Commissioner (OCI) to the Department of Banking and Finance (DBF) as the Georgia Consumer Loan Program effective July 1, 2020. The bill would also authorize participation in the Nationwide Multistate Licensing System and Registry to facilitate information sharing and licensing and application standardization.

As part of OCI, the program has five employees who inspect 890 licensed industrial loan entities. In FY 2019, OCI expended \$675,236 for program administration. Costs are expected to decrease under DBF, saving the state approximately \$190,000.

Costs to the Department of Banking and Finance

DBF estimates program costs of \$487,500 in FY 2021. Five staff positions transferred from OCI would have \$398,000 in salaries and benefits. As shown in Table 1, remaining operational costs include items such as training and travel, computers, motor vehicle operations, and IT equipment.

Program cost estimates do not include expenses related to the conversion of data to the department's IT system expected to go live in the summer of 2021. DBF also noted that the five vehicles that will be transferred from OCI will need to be replaced on a scheduled basis. The vehicles are 2015 to 2018 Ford Fusions with 60,000 to 135,000 miles.

¹ Regulation of consumer loans of \$3,000 or less by licensed lenders.

Table 1. Estimated Annual Program Cost

Type of Expense	Total Expense
Personal Services	\$398,000
Training and Travel Costs	23,000 ¹
Motor Vehicles	16,000 ²
Computers	20,000
IT Equipment	15,000
Telecommunication	7,000
Office Supplies	5,000
Mobile Phones	<u>3,500</u>
Total	\$487,500

¹ Includes hotel, per-diem, and annual training cost of \$3,000 per employee.
² Based on OCI data; includes maintenance and gas.

Revenue Impacts to the State

Revenue amounts are expected to remain largely unchanged once the program is transferred. According to OCI officials, program revenue generated approximately \$3 million in FY 2019. This included approximately \$2.5 million in taxes on interest and approximately \$490,000 in various fees. The bill does add 1 percent interest per month on unpaid taxes, but the amounts are not anticipated to be significant.

Sincerely,



Greg S. Griffin
 State Auditor



Kelly Fary, Director
 Office of Planning and Budget