

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2356 - 4

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes new program requiring most debt buyers to hold a license from the Department of Consumer and Business Services.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Department of Justice, Judicial Department

Summary of Expenditure Impact:

See Analysis

Analysis:

This bill establishes a new program requiring certain debt buyers to hold a license from the Department of Consumer and Business Services. It also adds new categories of unlawful collection practices and expands the director’s rulemaking authority to define dishonest, illegal or unethical practices. DCBS is also authorized to take action against a licensee for such practices when the Department of Justice declines to do so.

Department of Consumer and Business Services (DCBS)

DCBS estimates that approximately 75 entities would be required to obtain a debt buyer license. Licensing would be completed through the existing Nationwide Multistate Licensing System & Registry (NMLS), which would eliminate the need for a separate licensing system to be developed and reduce implementation and ongoing costs.

DCBS would have authority to investigate and examine debt buyers. Due to the nature of complaints regarding debt buyers, specific information from the debt buyer would be reviewed to determine if each complaint is valid, which may require an investigation or examination of the debt buyer. DCBS would conduct compliance examinations of each new licensee within 6 months from obtaining a license. Once the initial compliance examination is complete, licensees would be examined every 2 years.

DCBS assumes there would be an increase in the complaints the department receives regarding debt buyers as consumers become aware of this new regulatory program. DCBS anticipates 150 complaints annually. These complaints may lead to enforcement actions. This work would be completed by investigators and financial enforcement officers currently on staff.

Based on the above workload assumptions, DCBS would need to add a Financial Examiner 2 (1.0 FTE). This position would be responsible for handling licensing, complaint investigations/resolution, and conducting examinations. Additional work beyond the capacity of the additional position would be accomplished using existing staff and resources.

The additional position would be funded from the licensing and examination fees from the new debt buyer license. Estimated costs for this position for the 2017-2019 biennium are approximately \$165,351 (.88 FTE) and \$187,685 (1.0 FTE) for the 2019-2021 biennium.

The license through the NMLS would be an annual license that would renew each December. DCBS would conduct a complete fee study to determine the amount of the license and renewal fee required to

fully fund the debt buyer regulatory program. The fee study would include a forecast of licensee growth, surrender rate, and estimated examination revenue.