

State Corporation Commission 2023 Fiscal Impact Statement

1. Bill Number: SB1217

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Mason

3. Committee: Commerce and Labor

4. Title: Earned wage access services; licensure requirements, penalties.

5. Summary: Prohibits any person from providing earned wage access services without first obtaining a license from the State Corporation Commission. The bill defines "earned wage access services" as the business of delivering proceeds to consumers prior to the date on which an obligor is obligated to pay such consumer's salary, wages, compensation, or other income to the consumer. The bill provides for qualifications for licensure, posting of a bond, annual fees, recordkeeping, reporting, and disclosure requirements. The bill authorizes the Commission to investigate and examine applicants and licensees, to suspend and revoke licenses, and to impose a civil penalty of up to \$1,000 for violations of the earned wage access services provisions. The bill provides that any person who engages in earned wage access services without having first obtained a license from the Commission is guilty of a Class1 misdemeanor. The bill licensure requirements have a delayed effective date of January 1, 2025, and the bill requires any person required to be licensed by the Commission to engage in earned wage access services to submit an application for licensure no later than October1, 2024.

6. Budget Amendment Necessary: Yes, Item 489.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	\$0	0	NGF (02100)
2025	\$133,016	1.0	NGF (02100)

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2024	\$0	NGF (02100)
2025	\$133,016	NGF (02100)

8. Fiscal Implications: The proposed legislation would have a fiscal impact on the State Corporation Commission (SCC) as the agency would need additional staff to receive and

process license applications, examine licensees, investigate consumer complaints, collect industry annual reports, and complete other administrative tasks associated with administering the regulatory program. The SCC estimates that one full-time equivalent position will be needed to perform these tasks starting in fiscal year 2025. The total cost of this position, including salary, benefits, equipment, and expected travel is projected to be \$117,016 annually. Additionally, the SCC projects that \$16,000 will be spent in fiscal year 2025 to implement automated support systems for the newly created regulatory program.

The SCC does not have sufficient data to reliably estimate the number of entities that would be subject to SCC jurisdiction. Additional staff may be required if the industry response to this bill is favorable.

The legislation provides that each applicant for a license to provide earned wage access services shall pay an application fee of \$500 or other reasonable amount that the SCC prescribes by regulation. Additionally, the legislation provides that each licensee must pay an annual fee calculated in accordance with a schedule set by the SCC. Such revenue would be used to offset expenses incurred by the SCC in connection with administering the program.

The legislation also provides that the SCC may impose a civil penalty of up to \$1,000 for violations of the earned wage access services provisions. Such revenue would be credited to the Literary Fund (Fund 0702). The SCC does not have sufficient data to reliably estimate the potential revenue from civil penalties.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission,
Bureau of Financial Institutions

10. Technical Amendment Necessary: No

11. Other Comments: Identical to HB1921.