

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: HB1553

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Willett

3. Committee: Labor and Commerce

4. Title: Debt settlement services providers; penalties.

5. Summary: Provides for the licensure and regulation of debt settlement services providers by the State Corporation Commission. The measure defines "debt settlement services" as any action or negotiation initiated or taken by or on behalf of any consumer with any creditor of the consumer for the purpose of obtaining debt forgiveness of a portion of the credit extended by the creditor to the consumer or reduction of payments, charges, or fees payable by the consumer. The measure prohibits licensees from accepting a fee from consumers prior to providing the consumers' requested debt settlement services. The requirements imposed by this measure on licensed providers of debt settlement services are similar to those applicable to agencies providing debt management plans. The measure provides for civil penalties against licensees that violate these requirements, grants consumers a private right of action against licensees, and makes a violation a prohibited practice under the Virginia Consumer Protection Act. The licensing and regulation of debt settlement services providers has a delayed effective date of July 1, 2021. The measure directs the State Corporation Commission to establish a procedure to be in effect by March 1, 2021, for any person to apply prior to July 1, 2021, for a license that will become effective when the licensing requirements of this measure become effective on July 1, 2021.

6. Budget Amendment Necessary: Yes. See Item #8.

7. Fiscal Impact Estimates: Fiscal Impact Estimates are Preliminary. See Item #8.

8. Fiscal Implications: For FY 2021, the State Corporation Commission estimates one entry level analyst position to investigate license applications starting March 1, 2021 (\$23,240 NGF). For FY 2022, two additional entry level examiners would be required to examine licensed debt settlement service agencies and handle consumer complaints (\$245,580 NGF for all three positions). These are preliminary estimates, as Information Technology costs are being reviewed but not yet available.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

01/18/2020 EJF