

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: HB1553

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

2. Patron: Willett

3. Committee: Passed Both Houses

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. This measure contains an enactment clause that requires the State Corporation Commission to monitor select operating data of licensees upon the effective date of the act, July 1, 2021, and to report such to the Chairs of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor by December 1 of each year 2023, 2024, and 2025.

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

7. Fiscal Impact Estimates: Preliminary – See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	\$0	0.00	-
2021	\$23,240	1.00	NGF
2022	\$245,580	3.00	NGF
2023	\$252,947	3.00	NGF
2024	\$260,536	3.00	NGF
2025	\$268,352	3.00	NGF

2026	\$276,402	3.00	NGF
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7b. Revenue Impact: Application fees and annual fees will be collected to offset expenditures; however, the exact amounts that will be collected is unknown.

8. Fiscal Implications: 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). Application fees and annual fees will be collected by the Commission to offset expenditures but the exact amounts to be collected is unknown.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

03/3/2020 EJF