

## 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 Energy

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

**5. Summary:** Prohibits any person from providing earned wage access services without first obtaining a license from the State Corporation Commission. 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 authorizes the Attorney General to investigate violations of its provisions and seek damages or other relief allowed by applicable law and specifies that any violation of its provisions constitutes a prohibited practice for purposes of the Virginia Consumer Protection Act. 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 Class 1 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 October 1, 2024.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** No budget amendment is required for the State Corporation Commission for the current biennium; however, additional appropriation would be required for Regulation of Business Practices (55200)/Regulation of Financial Institutions (55215) in the FY25-FY26 budget bill.

The State Corporation Commission (SCC) 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; Office of the Attorney General

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None.