

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1573-01
Bill No.: HB 757
Subject: Professional Registration and Licensing
Type: Original
Date: February 19, 2019

Bill Summary: This proposal changes provisions relating to mortgage loan originators.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Residential Mortgage Fund (0261)	\$6,000	\$6,000	\$6,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$6,000	\$6,000	\$6,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 443.717 - 443.857

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate 8 to 10 new companies will request licenses along with a \$600 licensing fee. Additional revenues to the Residential Mortgage Fund are estimated to be up to \$6,000 (10 x \$600).

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department may need to request additional staff to handle increase in workload.

Oversight notes that the DIFP has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a revenue to the Residential Mortgage Fund of \$6,000 in FY 2020, FY 2021 and FY 2022 and no additional cost to the DIFP on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
RESIDENTIAL MORTGAGE FUND			
<u>Revenue - DIFP</u> \$600 filing fee	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
ESTIMATED NET EFFECT TO THE RESIDENTIAL MORTGAGE FUND	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, mortgage loan originators have prelicensing education requirements of at least 20 hours. This bill states that a prelicensing education course completed by an applicant will not satisfy the education requirement if the course precedes an application by a certain time period, as determined by the Nationwide Mortgage Licensing System and Registry (NMLSR).

The bill requires certain persons, as outlined in the bill, related to a mortgage loan originator to furnish their fingerprints to the NMLSR for submission to the Federal Bureau of Investigation and any governmental agency for a state, national, and international criminal history background check. The bill allows the Director of the Division of Finance to use the NMLSR as an agent for transmitting information to and from the Federal Department of Justice or any other governmental agency.

The bill requires that each residential mortgage loan broker to maintain at least one full-service office in Missouri for persons exclusively engaged in the business of loan processing or underwriting.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration



Kyle Rieman
Director
February 19, 2019

Ross Strobe
Assistant Director
February 19, 2019