

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$18,350		\$38,450
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$18,350		\$38,450

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 474 renames the Nebraska Installment Sales Act to the Nebraska Installment Loan and Sales Act (Act); to transfer the provisions of and eliminate the Nebraska Installment Loan Act; to change and eliminate provisions relating to installment sales and installment loans and changes provisions of the Act as prescribed. All funds will be remitted to the Financial Institutions Cash Fund. The bill has an enactment date of October 1, 2025.

Installment Loan Act:

The Installment Loan Act increases new application fees from \$500 to \$600, increases renewal fees from \$250 to \$300, establishes a new branch fee of \$300 and new branch renewal fees of \$200; and establishes a new change of control fee of \$300.

The new authority for branch offices for installment loans would result in a decrease in the number of full bank licenses. The Department of Banking and Finance (NDBF) estimates that 54 of the current 155 full licenses would qualify as branches. If this bill were adopted, which would reduce a portion of the fees collected for full license fees.

For FY 2025-26 for the partial year, NDBF estimates 20 new full licenses and 25 branch licenses which would be a revenue decrease for the full license fees by \$5,000. The current full license renewal fee for 54 licenses would be a revenue decrease for the proposed branch license renewal fee of \$2,700.

The \$100 increase in the full license application fee would result in an increase of revenues of \$2,000. In addition to the 54 licenses that would renew as branches, NDBF estimates 5 of the existing 155 licenses will not renew and all of the new 121 licenses and 25 new branches would renew. The \$50 increase in the full license renewal fee would result in a revenue increase of \$7,550 and the new branch renewal fee of \$200 would result in a revenue increase of \$5,000.

For FY 2025-26, this results in a net revenue increase of \$4,850 under the Installment Loan Act as a result from the changes in fees.

For FY 2026-27, NDBF estimates 15 new full licenses and 20 branch licenses which would be a revenue decrease for the full license fees by \$4,500. The current full license renewal fee for 54 licenses would be a revenue decrease for with the proposed branch license renewal fee of \$2,700.

The \$100 increase in the full license application fee would result in an increase of revenues of \$1,500. In addition to the 54 licenses that would renew as branches, NDBF estimates 5 of the existing 155 licenses will not renew and all new branches would renew. The \$50 increase in the full license renewal fee would result in a revenue increase of \$26,350 and the new branch renewal fee of \$200 would result in a revenue increase of \$30,850.

For FY 2026-27, this results in a net revenue increase of \$23,650 under the Installment Loan Act as a result from the changes in fees.

NDBF estimates there will be 5 change of control applications filed in each of the fiscal years. The new fee of \$300 will result in an increase of revenue of \$1,500 per year.

The total fiscal impact of all fee changes under the Installment Loan Act are estimated revenue increases of \$6,350 in FY2025-26 and \$25,150 for FY 2026-27.

Installment Sales Act:

The Installment Sales Act would increase new application fees from \$150 to \$250, increases renewal fees from \$150 to \$250, increases the branch fee from \$100 to \$150 and increases the branch renewal fees from \$100 to \$150.

Currently, there are 93 main branch offices licenses and 33 branch offices licenses under this Act.

For FY 2025-26, NDBF estimates 5 new full license applications and 5 new branch applications for an increase of \$750. For FY 2026-27, NDBF estimates 10 new full license applications and 5 new branch applications for an increase of \$1,250.

NDBF estimates 3 full licenses and 3 branch licenses would not renew in each of the fiscal years. Therefore, in FY 2025-26 95 licenses and 35 branch licenses would renew for an estimated revenue increase of \$11,250. In FY 2026-27, 102 licenses and 37 branch licenses would renew for an estimated revenue increase of \$12,050. The total fiscal impact of all fee changes under the Installment Sales Act are estimated as revenue increases of \$12,000 in FY 2025-26 and \$13,300 in FY 2026-27.

Overall, the total impact of all fee changes under both acts are estimated as revenue increases of \$18,350 for FY 2025-26 and \$38,450 for FY 2026-27.

NDBF will absorb the administrative costs for the enactment of the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 474	AM:	AGENCY/POLT. SUB: Department of Banking and Finance	
REVIEWED BY: Ryan Walton		DATE: 1/30/2025	PHONE: (402) 471-4174
COMMENTS: The Department of Banking and Finance's assessment of fiscal impact from LB 474, appears reasonable.			

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2025

LB⁽¹⁾ 474

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Banking and Finance

Prepared by: ⁽³⁾ Shauna Paolini Date Prepared: ⁽⁴⁾ 8-30-24 / 1-27-25 Phone: ⁽⁵⁾ 402-471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
			<u>REVENUE</u>
GENERAL FUNDS			
CASH FUNDS		18,350	38,450
FEDERAL FUNDS			
OTHER FUNDS			
TOTAL FUNDS		18,350	38,450

Explanation of Estimate:

Installment Loan Act:

Increase new application fee from \$500 to \$600.

Increase renewal fee from \$250 to \$300.

New Branch fee of \$300. New Branch renewal fee of \$200.

New Change of Control fee of \$300.

The new authority for branch offices of installment loan would result in a decrease in a number of full licenses. The Department estimates that 54 of the current 155 full licenses would qualify as branches if this proposal were adopted. The bill sets a new branch application fee of \$300 and an annual branch renewal licensing fee of \$200 which will offset a portion of full license fees that would not be charged.

The proposal would go into effect October 1, 2025, so no fiscal impact is given for FY 2024-2025. For FY 2025-2026, the Department estimates 20 new full licenses and 25 branch licenses. The current license fee for 25 full licenses ($\$500 \times 25 = \$12,500$) would decrease with the proposed branch license fee ($\$300 \times 25 = \$7,500$), for an impact of $-\$5,000$. The current full license renewal fee for 54 licenses ($\$250 \times 54 = \$13,500$) would decrease with the proposed branch license renewal fee ($\$200 \times 54 = \$10,800$), for an impact of $-\$2,700$.

The \$100 increase in the full license application fee would result in an increase of revenues of \$2,000 ($\100×20). In addition to the 54 licenses that would renew as branches, the Department estimates 5 of the existing 155 licenses will not renew and all of the new licenses (total 121) and new branches (25) would renew. The \$50 increase in the full license renewal fee would result in an increase of \$7,550 ($\50×121) and the new branch renewal fee of \$200 would result in an increase of \$5,000 ($\200×25).

There would be a net increase in FY 2025-2026 of \$4,850 under the Installment Loan Act resulting from the license changes.

In FY 2026-2027, the Department estimates 15 new full licenses and 20 new branch licenses. The current license fee for 15 full licenses ($\$500 \times 15 = \$7,500$) would decrease with the proposed branch license fee ($\$300 \times 15 = \$4,500$). The current full license renewal fee for an estimated 54 licenses that would qualify as branches ($\$250 \times 54 = \$13,500$) would decrease with the proposed branch license renewal fee ($\$200 \times 54 = \$10,800$), or a decrease in revenues of \$2,700.

The \$100 increase in the application fee would result in an increase of revenues of \$1,500 ($\100×15) in FY 2026-2027. In addition to the 54 licenses that would renew as branches, the Department estimates 5 full

licenses will not renew and all new branches will renew. The \$50 increase in the full license renewal fee and the new branch renewal fee of \$200 would result in an increase of \$26,350 ($\$50 \times 131 + \200×99) in FY 2025-2026; and an increase of \$30,850 ($\$50 \times 141 + \200×119).

Taken together, this would result in a net revenue increase in FY 2025-2026 of \$4,850 and \$23,650 in FY2026-2027 resulting from the license changes.

The Department estimates there will be 5 change of control applications filed in each of the fiscal years. With the new fee of \$300, this will result in an increase of revenue of \$1,500 per year ($\300×5).

Total impact of all fee changes under the Installment Loan Act are estimated at revenue increases of \$6,350 for FY 2025- 2026 and \$25,150 for FY 2026-2027.

Installment Sales Act:

Increase fee for new application from \$150 to \$250.

Increase renewal fee \$150 to \$250.

Increase Branch application fee from \$100 to \$150.

Increase Branch renewal fee from \$100 to \$150.

There are 93 current main office licensees under this Act and 33 branch licenses. In FY 2025-2026, the Department estimates 5 new license applications and 5 new branch applications for an increase in revenue of \$750 ($\$100 \times 5 + \50×5). In FY 2026-2027, the Department estimates 10 new full licenses and 5 new branch licenses. This would result in an increase in revenues of \$1,250 ($\$100 \times 10 + \50×5).

The Department estimates 3 full licenses and 3 branch licenses would not renew in each of the fiscal years. In FY 2025- 2026, therefore, 95 licenses and 35 branches would renew for an estimated revenue increase of \$11,250 ($\$100 \times 95 + \50×35). In FY 2026-2027, 102 licenses and 37 branches would renew for an estimated revenue increase of \$12,050 ($\$100 \times 102 + \50×37). Total impact of all fee changes under the Installment Sales Act are estimated at revenue increases of \$12,000 for FY 2025-2026, and \$13,300 for FY 2026-2027.

Overall: Total impact of all fee changes under both Acts are estimated at revenue increases of \$18,350 for FY 2025- 2026, and \$38,450 for FY 2026-2027.

The Department expects that agency time and resources spent on full installment loan license applications will be saved; those resources will be re-allocated within the Department. All funds received are remitted to the Financial Institutions Cash Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				