


1999 Session		LRB Number 99-4009/1
FISCAL ESTIMATE DOA-2048 N(R06/99)		Bill Number AB 725
<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/> SUPPLEMENTAL		Amendment No. if Applicable
Subject Suspension and denial of licenses related to failure to pay student loans		Administrative Rule Number
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.		
<input checked="" type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation		<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local: <input type="checkbox"/> No local government costs		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S		Affected Chapter 20 Appropriations
Assumptions Used in Arriving at Fiscal Estimate <p>This bill requires the Department to suspend or deny a license of a securities broker-dealer, agent, investment adviser, and investment adviser representative, registration of a mortgage banker, loan originator, and mortgage broker, and a licensed lender, if the licensee or license applicant is an individual in default on a student loan.</p> <p>The Department is to mail the individual written notice that the license/registration will be restricted or suspended if the default continues for more than 90 days after the Department mails the notice.</p> <p>The bill does not identify a source for obtaining information about student loans in default. Assuming that a single source, with matchable information including a unique identifier, default date, etc. could be used for a data match, the Department could develop a program that compared license application/renewal data with defaulted student loans, and mail a letter to the applicant. Programming costs to make this change would be approximately \$20,000 for each of three systems affected, or a total estimate of \$60,000.</p> <p>There would also be printing and postage costs as well as labor associated with processing the notices and responding to questions. This is difficult to estimate without knowing the number of licensees or applicants that may be affected.</p> <p>If no single source with all required information is provided, substantial costs would be involved in identifying and implementing a method to perform the match of applicants with defaulted student loans.</p>		
Long-Range Fiscal Implications		
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