

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5049 bill JEC 08-06 Mortgage Broker's License

SPONSOR(S): Jobs & Entrepreneurship Council; Reagan

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Jobs & Entrepreneurship Council	17 Y, 0 N	Holt/Topp	Thorn
1) Policy & Budget Council		Martin	Hansen
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The bill reduces fees paid to the Office of Financial Regulation (OFR) within the Department of Financial Services (DFS) related to a mortgage broker's license. Applicants currently submit a nonrefundable application fee of \$200; the bill reduces the fee to \$190. Applicants shall bear the actual cost for the electronic version of a mortgage broker's test; however, the applicant's cost of the test may not exceed \$75, a reduction from the current \$100 maximum. Any applicants who wish to review their completed and graded mortgage broker's test(s) shall only bear the actual review cost which may not exceed \$35, a reduction from the current \$50 maximum.

The bill also requires the Office of Financial Regulation to make an electronic version of the mortgage broker's test available by December 31, 2008.

For Fiscal Year 2008-2009, revenues to the Regulatory Trust Fund are projected to cover expenditures related to mortgage broker testing. The reduction from \$200 to \$190 for the mortgage broker test application fee is projected to reduce revenues to OFR by \$54,237 annually. The House proposed General Appropriations Act for Fiscal Year 2008-2009 appropriates \$1.4 million from Regulatory Trust Fund to cover expenditures related to making the mortgage broker's testing available in an electronic format.

Since there is not currently an electronic version of the mortgage broker's test available, there is no revenue impact of the reduced fees for the electronic version. Revenues received by OFR should increase as a result of making an electronic version of the test available, by an indeterminate amount.

The impact of the reduced fees for review of the graded test is indeterminate, but expected to be minimal.

This act shall take effect July 1, 2008.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: The bill reduces several fees related to a mortgage broker's license.

B. EFFECT OF PROPOSED CHANGES:

Background:

Currently, s. 494.0033, F.S., Mortgage broker's license, reads in part:

(2) Each initial application for a mortgage broker's license must be in the form prescribed by rule of the commission. The commission may require each applicant to provide any information reasonably necessary to make a determination of the applicant's eligibility for licensure. The office shall issue an initial license to any natural person who:

(b) Has passed a written test adopted and administered by the office, or has passed an electronic test adopted and administered by the office or a third party approved by the office, which is designed to determine competency in primary and subordinate mortgage financing transactions as well as to test knowledge of ss. 494.001-494.0077 and the rules adopted pursuant thereto. The commission may prescribe by rule an additional fee that may not exceed \$100 for the electronic version of the mortgage broker test. . . The commission may adopt rules prescribing an additional fee that may not exceed \$50 for an applicant to review his or her completed and graded mortgage broker test.

(c) Has submitted a completed application and a nonrefundable application fee of \$200. An application is considered received for purposes of s. 120.60 upon receipt of a completed application form as prescribed by commission rule, a nonrefundable application fee of \$200, and any other fee prescribed by law.

There is presently no electronic version of the mortgage broker's test.

Effect of Proposed Changes:

Section 1: The bill amends paragraphs (b) and (c) of subsection (2) of s. 494.0033, F.S. The bill requires the Office of Financial Regulation to make an electronic version of the mortgage broker's test available by December 31, 2008. Applicants shall only bear the actual cost for the electronic version of the test which may not exceed \$75, a reduction from the \$100 maximum.

Another fee reduction in the bill requires applicants who wish to review their completed and graded mortgage broker's test(s) to incur the actual review cost which may not exceed \$35, a reduction from the \$50 maximum.

Applicants for a mortgage broker's license are required to submit a nonrefundable application fee of \$200. The bill reduces the application fee to \$190.00.

Section 2: This act shall take effect July 1, 2008.

C. SECTION DIRECTORY:

None

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The reduction from \$200 to \$190 for the mortgage broker test application fee is projected to reduce Regulatory Trust Fund revenues in OFR by \$54,237 annually. Anticipated revenues will cover expenditures related to mortgage broker testing. Since there is not currently an electronic version of the mortgage broker's test available, there is no revenue impact of the reduced fees for the electronic version. Revenues received by OFR should increase as a result of making an electronic version of the test available, by an indeterminate amount. The impact of the reduced fees for review of the graded test is indeterminate, but expected to be minimal.

2. Expenditures:

The House proposed General Appropriations Act for Fiscal Year 2008-2009 appropriates \$1.4 million in budget authority in the Regulatory Trust Fund to the Office of Financial Regulation from which to cover expenditures related to making the mortgage broker's testing available in an electronic format.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There is a cost savings to the private sector in fee reductions. The reduction from \$200 to \$190 for the mortgage broker test application fee is projected to reduce fees paid by applicants by \$54,237 annually. The impact of the reduced fees for the review of the graded test is indeterminate.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES