

Consolidated Fiscal Note – 2009-10 Session

Bill #: H2600-1E **Complete Date:** 03/24/10

Chief Author: MULLERY, JOE

Title: S.A.F.E. FOR MRTG LIC ACT OF 2009

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agencies: Commerce (03/24/10)

Enterprise Technology Office (03/24/10)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Net Expenditures					
General Fund			661	138	142
Commerce			661	138	142
Enterprise Technologies Fund			68	31	31
Enterprise Technology Office			68	31	31
Revenues					
General Fund			1,061	311	311
Commerce			1,061	311	311
Enterprise Technologies Fund			68	31	31
Enterprise Technology Office			68	31	31
Net Cost <Savings>					
General Fund			(400)	(173)	(169)
Commerce			(400)	(173)	(169)
Enterprise Technologies Fund			0	0	0
Enterprise Technology Office			0	0	0
Total Cost <Savings> to the State			(400)	(173)	(169)

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalents					
General Fund			3.00	2.00	2.00
Commerce			3.00	2.00	2.00
Total FTE			3.00	2.00	2.00

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: RYAN BAUMTROG

Date: 03/24/10 Phone: 651-201-8038

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Chief Author: MULLERY, JOE

Title: S.A.F.E. FOR MRTG LIC ACT OF 2009

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Commerce

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Expenditures					
General Fund			661	138	142
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			661	138	142
Revenues					
General Fund			1,061	311	311
Net Cost <Savings>					
General Fund			(400)	(173)	(169)
Total Cost <Savings> to the State			(400)	(173)	(169)

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalents					
General Fund			3.00	2.00	2.00
Total FTE			3.00	2.00	2.00

Bill Description

H2600-1E is the Minnesota Secure and Fair Enforcement for Mortgage Licensing Act of 2009. This bill is in response to the federal SAFE Act which was passed in 2009 and mandates that states participate in a national licensing system for natural persons who engage in residential mortgage loan origination.

Assumptions

It is expected that there will be approximately 3500 mortgage loan originators (MLO) that will apply for a mortgage loan originator license later this year if the bill is passed.

It is expected that with the number of MLO expected to apply for a license in late 2010, that additional staff will be needed to process the applications. There will be extensive work that will need to be done over the summer to get ready for the new licensing requirements of the MLO. It is expected that once the initial licensing of MLO is completed, the workload will decrease.

The initial license fee for a MLO is \$200 with an annual renewal fee of \$100. The fee for a residential mortgage originator license (the company) is being reduced from a two-year license fee of \$2125 to an annual license fee of \$1000 and the renewal fee is reduced from \$1125 to \$500. The same is true for mortgage servicer licenses: Initial fee drops from \$1000 to \$500 and renewal fee of \$500 to \$250. The company licenses are being changed to an annual license to coordinate the renewing of individuals and companies at the same time through the National Mortgage Licensing System (NMLS). The \$125 biennial reduction in mortgage originator renewal fees will cause a decrease in revenue of approximately \$39,000 per year. It is assumed that the \$125 change in the biennial initial license fee will be off-set by the number of mortgage originators that voluntarily surrender their license on an annual basis.

Participation in the NMLS requires that states pay their "fair share" of the development costs for the national licensing system. Minnesota's share is approximately \$400,000 which will be assessed to the mortgage companies and then paid out to NMLS in FY11. The bill would require the cost to be evenly distributed between the roughly 625 licensed mortgage originator companies.

In completing the fiscal note Commerce is assuming the agency will receive the general fund appropriations necessary to both make the payment to access the National Mortgage Licensing System and to cover the costs of administering and enforcing the new licensing requirements.

Expenditure and/or Revenue Formula

Revenues				
Est number of licensees		FY11	FY12	FY13
Initial License fee	\$ 200	700,000		
Renewal license fee	\$ 100		350,000	350,000
Assessment to mortgage co.		400,000		
Change from 2 yr to annual renewal		(39,000)	(39,000)	(39,000)
Total Revenue		1,061,000	311,000	311,000
Expenditures				
	FTE	FY11	FY12	FY13
Assess. Paid to NMLS		400,000		
Contract to est. education requirements and testing		50,000		
Mid-level professional	1.00	77,184	79,472	81,834
Mid-level professional	1.00	77,184		
Clerical staff	1.00	56,463	58,067	59,733
Total Expenditures		660,831	137,539	141,567

Long-Term Fiscal Considerations

Revenue and expenditures will be ongoing

Local Government Costs

Unknown

References/Sources

N/A

FN Coord Signature: TODD JONES
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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: RYAN BAUMTROG
Date: 03/24/10 Phone: 651-201-8038

Fiscal Note – 2009-10 Session

Bill #: H2600-1E **Complete Date:** 03/24/10

Chief Author: MULLERY, JOE

Title: S.A.F.E. FOR MRTG LIC ACT OF 2009

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Enterprise Technology Office

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Expenditures					
Enterprise Technologies Fund			68	31	31
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
Enterprise Technologies Fund			68	31	31
Revenues					
Enterprise Technologies Fund			68	31	31
Net Cost <Savings>					
Enterprise Technologies Fund			0	0	0
Total Cost <Savings> to the State					

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill relates to the Department of Commerce by creating the mortgage loan originator license fee, and modifying existing fees and renewal cycles.

Assumptions

The bill impacts e-Licensing surcharge revenue collected by OET. The projected impact is an increase of approximately \$68,000 in FY 2011, and \$31,000 in subsequent years. The increase will be used to pay for costs associated with the e-Licensing project.

Expenditure and/or Revenue Formula

Based on the new and modified license fees, the estimated increase to the e-Licensing account is \$68,150 in FY 2011, and \$31,100 in subsequent years.

Long-Term Fiscal Considerations

These estimates may be impacted by changes in the numbers of licenses issued.

Local Government Costs

N/A

References/Sources

Agency Contact Name: Michael Muilenburg (651-556-8005)
FN Coord Signature: LARRY FREUND
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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ABIGAIL READ
Date: 03/24/10 Phone: 651-201-8025