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FISCAL IMPACT REPORT

SPONSOR J. Martinez ORIGINAL DATE 2/22/19
LAST UPDATED _____ HB 584
SHORT TITLE Financial Lending Use of National System SB _____
ANALYST Glenn

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 513

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 584 amends the Collection Agency Regulatory Act (CARA) and the Motor Vehicle Sales Finance Act (MVSFA) to allow the director of RLD's Financial Institutions Division (FID) to utilize the Nationwide Multi-State Licensing System and Registry (NMLS) to collect and maintain records and process fees related to collection agency and motor vehicle sales finance company licenses.

The bill requires an applicant for a license to furnish specified information to the NMLS concerning the applicant's identity, and authorizes the director of FID to adopt rules and procedures regarding information required in license applications.

In order to meet NMLS requirements, HB 584 amends the license renewal and expiration dates of CARA (which are currently tied to the state fiscal year of July 1st thru June 30th) to run on a calendar year basis. The bill adjusts the date by which licensees must apply to renew their licenses from May 31 to November 30. To facilitate the transition in licensing deadlines, the bill allows the director of the FID to issue a six month license to licensees at a fee set at one-half of

the standard original license fee or renewal fee to cover the time period between July 1, 2020 and December 31, 2020.

The bill includes technical amendments to the affected statutes, which correct grammatical errors, make clarifications, and adjust formatting.

The effective date of HB 584 is July 1, 2019.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

RLD states that the NMLS is a web-based system that allows state-licensed, non-depository companies and individuals in the mortgage, consumer lending, money services businesses, and debt collection industries to apply for, amend, update, or renew a license online for all participating state agencies using a single set of uniform applications. The NMLS originally was developed in 2008 by the Conference of State Bank Examiners and the American Association of Residential Mortgage Regulators for the purpose of licensing companies and employees in the mortgage industry. Since that time the capabilities of the NMLS have been expanded to provide an efficient and reliable licensing platform for a variety of regulated financial industries. At present, New Mexico statutes authorize the Director of the FID to utilize the NMLS for licensing mortgage companies, mortgage loan originators and money services providers including money transmitters, currency exchangers and check cashers. Utilization of the NMLS licensing system brings greater uniformity and transparency to the licensing of these financial services industries while maintaining and strengthening the ability of state regulators to monitor these industries and protect their citizens.

ADMINISTRATIVE IMPLICATIONS

RLD notes that, currently, the licensing application and renewal processes for collection agencies and motor vehicle sales finance companies are based on paper application forms and hard copy attachments and exhibits that must be sent via U.S. Mail to FID by applicants and licensees each year. Expanding FID's utilization of the NMLS online database and licensing system to allow for licensing of motor vehicle sales finance companies and collection agencies will simplify and speed up the licensing application process for applicants, result in personnel time savings for the FID, and simplify the processes for both the submission of documentation by the applicants and the collection of application and license fees from applicants.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB 513, Financial Lending Use of National System

OTHER SUBSTANTIVE ISSUES

According to RLD, approximately 80 percent of the motor vehicle sales finance companies and collection agencies licensed by FID are already registered with the NMLS as a result of holding licenses in other states that already utilize the NMLS for these types of licenses, or as the result

of holding other financial industry licenses in New Mexico that already utilize the NMLS. This means for the vast majority of licensees, the transition to submitting applications for New Mexico motor vehicle sales finance or collection agency licenses via the NMLS would be simple and much more efficient than the current “paper” application process.

BG/sb