

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Transportation and Economic Development Subcommittee

From: Ben Ruef, Legislative Fiscal Office

Date: June 16, 2021

Subject: SB 485 – Relating to a regulatory program for student loan servicers.
Work Session Recommendations

SB 485 establishes a regulatory program for student loan servicers (Servicers) and requires Servicers to obtain a license from the Department of Consumer and Business Services (DCBS) to service a loan, either directly or indirectly, in Oregon and defines 'student loan servicing' and sets minimum net worth and liquidity requirements and other substantive compliance obligations to obtain and maintain the license. DCBS would have authority to take control of a failing licensee's property, business, and assets, or petition the court for a receiver. The bill allows DCBS to require licensing through the Nationwide Multistate Licensing System (NMLS) which provides for fingerprint based state and national criminal history and background check as part of the application approval process. DCBS would set the application form and content requirements by rule, including the license and renewal fee, and surety bond requirements. The measure also requires DCBS to designate a student loan ombudsman to:

- Receive, review and attempt to resolve complaints from borrowers;
- Compile and analyze data on consumer complaints;
- Analyze the student loan market and state and federal regulatory frameworks and make recommendations to state agencies and the legislature; and
- Establish a borrower education program

DCBS will hire one Program Analyst 3 (0.71 FTE) to act as the Student Loan Ombudsman and perform program oversight and analysis and one Financial Examiner 1 (0.63 FTE) to act as a Licensing Specialist and Compliance Examiner to process Servicer applications and renewals, ensure licensing requirements are met, and handle inquiries pertaining to Servicer licensing and examinations.

The fiscal impact of SB 486 is \$362,436 Other Funds and 1.34 FTE.

The -1 amendment adds \$362,436 in Other Funds limitation to the DCBS budget for the 2021-23 biennium.

Recommended Changes

LFO recommends adoption of the -1 amendment.

Final Subcommittee Action

LFO recommends that SB 485, as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____