

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1896

April 3, 2024

SUMMARY OF BILL: Requires financial institutions and insurers to make determinations about the provision or denial of services based on an analysis of risk factors or based on an analysis of sound underwriting and actuarial principles related to actual or reasonably anticipated loss experience unique to each current or prospective customer.

Prohibits a financial institution or insurer from denying, canceling or discriminating its services to a person on the basis of a list of certain specific factors including, but not limited to political affiliation, social credit score, or any factor that is not a quantitative, impartial, risk-based standard. Establishes a violation by a financial institution of such as an unfair and deceptive act or practice under the *Consumer Protection Act of 1977* and a violation by an insurer is an unfair trade practice under the *Unfair Trade Practices and Unfair Claims Settlement Act of 2009*.

FISCAL IMPACT:

Increase State Expenditures –

\$310,600/FY24-25/Financial Institutions

\$307,600/FY25-26 and Subsequent Years/Financial Institutions

Assumptions:

- Pursuant to Tenn. Code Ann. § 45-1-104, the Department of Financial Institutions (DFI) is responsible for the supervision and regulation of financial institutions.
- Based on information provided by DFI, to ensure compliance of financial institutions with the proposed legislation, additional personnel will be required.
- DFI will require two additional positions, a Financial Analyst and a Compliance Specialist, beginning in FY24-25.
- The total recurring increase in state expenditures is as follows:

Title	Salary	Benefits	Other*	Positions	Total
Financial Analyst	\$121,296	\$27,731	\$4,996	1	\$154,023
Compliance Specialist	\$121,296	\$28,823	\$3,496	1	\$153,614
				Total:	\$307,637

*supplies, training

- Each position will require one-time expense of \$1,500 for computers; therefore, the total non-recurring increase in state expenditures is \$3,000 (\$1,500 x 2 positions) in FY24-25.

- Pursuant to Tenn. Code Ann. § 45-1-118, DFI's annual budget is paid for using banking and assessment fees.
- The total increase in state expenditures to DFI is estimated to be \$310,637 (\$307,637 + \$3,000) in FY24-25 and \$307,637 in FY25-26 and subsequent years.
- Based on information provided by the Department of Commerce and Insurance (DCI) there will not be significant impact on the procedures or processes of DCI; therefore, any fiscal impact is estimated to be not significant.
- Any increase in the number of complaints handled by the Attorney General is estimated to be not significant and can be handled by existing staff during normal work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.
- At the discretion of the Commissioner of DCI, action may be brought against a person for a violation of the *Unfair Trade Practices and Unfair Claims Settlement Act of 2009*.
- Any impact on the court system or DCI resulting from additional actions being brought can be handled within existing resources without a significant increase in state expenditures.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- The extent to which DFI will need to increase fees to cover the expenditures for the additional positions, if any, is unknown. For the purposes of this fiscal analysis, it is assumed that any impact on overall business expenditures in the state will be not significant.
- The proposed legislation will not result in any significant impact to commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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