

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4395

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 20, 2021

SUMMARY

- Synopsis:** Requires registration of private education lenders; establishes protections for private education borrowers.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Banking and Insurance; the Judiciary.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will increase annual State expenditures and revenues by indeterminate amounts. The OLS notes that the fiscal impact of this bill will depend on administrative decisions made by the Department of Banking and Insurance (DOBI) concerning the registration procedures for creditors, lenders, and student financing companies and the amount of civil penalties collected by the Commissioner of DOBI. The department will experience a revenue increase from the collection of registration fees from creditors, lenders, and student financing companies, as specified in the bill. The bill does not specify the amount of such fee
- Further, the OLS notes that the provisions of this bill may result in an indeterminate increase in State expenditures to the Judiciary. The expenditure increase will be tied to a potential increase in the Judiciary’s caseload. This expenditure may be partially, if not fully, offset by an indeterminate amount of fines collected under the bill.

BILL DESCRIPTION

This bill requires registration of private education lenders and establishes protections for private education borrowers. The bill specifies that the Commissioner of Banking and insurance will establish and collect a registration fee for creditors, lenders, and student financing companies.

The bill provides that the commissioner may impose a civil penalty not exceeding \$25,000 on any person for a violation of the registration provisions of the bill. Additionally, each violation which constitutes a knowing violation is a crime of the third degree.

The bill requires a creditor or lender, seeking to enter a default judgment against a borrower, to attach to the complaint filed in a court of competent jurisdiction certain documentation and information which are enumerated in the bill.

If a creditor or lender fails to comply with the filing requirements of the bill, a borrower may bring an action, including a counterclaim, against the creditor to recover or obtain certain relief and damages.

The bill also provides that a borrower or cosigner who suffers damage as a result of a violation may bring an action in a court of competent jurisdiction to recover: actual damages, but in no case less than \$500; an order enjoining the methods, acts, or practices; restitution of property; attorney's fees; and any other relief that the court deems proper.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will increase annual State expenditures and revenues by indeterminate amounts. The OLS notes that the fiscal impact of this bill will depend on DOBI's administrative decisions concerning the registration procedures for creditors, lenders, and student financing companies and on the amount of civil penalties collected by the Commissioner of DOBI. The department will experience a revenue increase from the collection of registration fees from creditors, lenders, and student financing companies, as specified in the bill. The bill does not specify the amount of such fee.

Further, the OLS notes that the provisions of this bill may result in an indeterminate increase in annual State expenditures by the Judiciary and an indeterminate annual increase in revenues collected by the Judiciary. The expenditure increase will be tied to a potential increase in the Judiciary's caseload. This expenditure may be partially, if not fully, offset by an indeterminate amount of fines collected under the bill. Each violation of the provisions of this bill, which constitutes a knowing violation, will be considered a crime of the third degree. Crimes of the third degree are adjudicated in State courts and are punishable by a term of three to five years in prison or a fine up to \$15,000, or both.

Section: Commerce, Labor and Industry
Analyst: Juan C. Rodriguez
 Senior Fiscal Analyst
Approved: Thomas Koenig
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).