

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 423** HLS 19RS 715

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|----------------------------|
| Date: May 20, 2019 | 8:23 AM | Author: EMERSON |
| Dept./Agy.: Office of Student Financial Assistance | | Analyst: David Neef |
| Subject: Occupational or professional licenses | | |

LICENSING RE SEE FISC NOTE SG RV Page 1 of 1
 Repeals the ability of a professional board or commission to revoke an occupational or professional license for failure to pay student loans

Present law requires an applicant who has defaulted on the repayment of any loan guaranteed by the Louisiana Student Financial Assistance Commission (LOSFA) be grounds for denying an application for, or an application for the renewal of, any license, permit, or certificate required by the state of Louisiana. Proposed law repeals the provisions for revocation of licenses for defaulting on certain student loans.

| EXPENDITURES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

LOSFA is the designated guarantor of Federal Family Education Loan Program (FFELP) loans for the state of Louisiana. LOSFA indicates that no new loans have been made under FFELP since July 1, 2010. LOSFA has an outstanding loan portfolio of \$827,410,855, where \$138,542,867 of these loans are currently in default with the remaining accounts in deferment, forbearance, and/or repayment status. If these remaining borrowers default, LOSFA must purchase them from the lender, using funds from the US Federal Reserve Fund, under the guarantee and collect the defaulted amount. Therefore, no state funds are used to pay for any outstanding student loans.

REVENUE EXPLANATION

There will be an indeterminable impact on governmental revenues as a result of this measure because the number of individuals who hold professional licenses, which might be denied if they fail to enter into satisfactory repayment arrangements on their loans, is indeterminable. The software used by the Louisiana Office of Student Financial Assistance to track outstanding student loans does not track how much is collected through license denials.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director