

**Consolidated Fiscal Note**

**2023-2024 Legislative Session**

**SF4735 - 0 - Registration for Private Student Loan Servicers**

Chief Author: **Clare Oumou Verbeten**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **3/19/2024 10:19:33 PM**  
 Lead Agency: **Commerce Dept**  
 Other Agencies:  
     Supreme Court

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Commerce Dept</b>						
<b>General Fund</b>	-	-	(1)	(1)	(1)	(1)
<b>State Total</b>						
<b>General Fund</b>	-	-	(1)	(1)	(1)	(1)
	<b>Total</b>	-	-	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
	<b>Biennial Total</b>			<b>(1)</b>		<b>(2)</b>

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Commerce Dept</b>						
General Fund	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm      **Date:** 3/19/2024 10:19:33 PM  
**Phone:** 651-296-6055      **Email:** karl.palm@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
<b>Commerce Dept</b>						
General Fund		-	-	(1)	(1)	(1)
<b>Total</b>		-	-	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Biennial Total</b>				<b>(1)</b>		<b>(2)</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Commerce Dept						
General Fund		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
Commerce Dept						
General Fund		-	-	1	1	1
<b>Total</b>		-	-	<b>1</b>	<b>1</b>	<b>1</b>
<b>Biennial Total</b>				<b>1</b>		<b>2</b>

SF4735 - 0 - Registration for Private Student Loan Servicers

Chief Author: **Clare Oumou Verbeten**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **3/19/2024 10:19:33 PM**  
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
General Fund	-	-	(1)	(1)	(1)
<b>Total</b>	-	-	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Biennial Total</b>			<b>(1)</b>		<b>(2)</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm      **Date:** 3/19/2024 10:19:17 PM  
**Phone:** 651-296-6055      **Email:** karl.palm@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	(1)	(1)	(1)
<b>Total</b>		-	-	(1)	(1)	(1)
<b>Biennial Total</b>				(1)		(2)
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	1	1	1
<b>Total</b>		-	-	1	1	1
<b>Biennial Total</b>				1		2

**Bill Description**

SF4735-0 establishes a registration requirement for all private student loan servicers who provide services to Minnesotans and creates a reporting framework that requires registrants to deliver specific aggregated Minnesota loan pool information to the Commissioner. The bill also establishes disclosure and consumer acknowledgement requirements and requires registrants to respond within 15-days from receiving a communication request or borrower complaint from the Commissioner and/or AGO.

**Assumptions**

The Department assumes the registration will be housed in our Nationwide Multistate Licensing System & Registry (NMLS) system, which is used by our Financial Institutions Division and the enforcement of this chapter will fall under our Enforcement Division. The Department currently licenses 33 student loan servicers. We assume an annual NMLS registration fee of \$20.

**Expenditure and/or Revenue Formula**

Revenue:

33 current licensees x \$20 = \$660

**Long-Term Fiscal Considerations**

The Department expects the long-term fiscal considerations would remain consistent.

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Amy Trumper

**Date:** 3/9/2024 10:32:49 AM

**Phone:** 651-539-1517

**Email:** amy.trumper@state.mn.us

SF4735 - 0 - Registration for Private Student Loan Servicers

Chief Author: **Clare Oumou Verbeten**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **3/19/2024 10:19:33 PM**  
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karen McKey    **Date:** 3/18/2024 9:33:10 PM  
**Phone:** 651-284-6429    **Email:** karen.mckey@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

SF4735-0 (the “bill”) establishes a registration requirement under Minn. Stat. § 58B.051 for all private student loan servicers who provide services to Minnesotans and creates a reporting framework that requires loan servicer registrants to deliver specific aggregated Minnesota loan pool information to the Commissioner of Commerce.

The bill amends Chapter 58B to establish disclosure and consumer acknowledgement requirements and requires registrants to respond within 15-days from receiving a communication request or borrower complaint from the Commissioner and/or Office of the Attorney General. Registrants that provide incorrect information related to forbearance will be subject to penalties under Minn. Stat. § 58B.09.

Minn. Stat. § 58B.07, subd. 15, outlines abusive acts or practices that loan servicers may not engage in, including materially interfering with a borrower’s ability to understand a term or condition of a student loan, and creates a private right of action for any borrower to bring on their own or on behalf of a similarly situated class of persons who suffer damages as a result of the failure of a student loan servicer to comply with Chapter 58B.

**Assumptions**

It is assumed that the new right of action in the bill will not result in an overall increase in the number of civil case filings in District Court, as aggrieved persons were previously able to file civil actions under contractual theories such as gross negligence, fraud, or misrepresentation. Additionally, this bill identifies similar prohibited conduct as Minn. Stat. § 58B.07 (“Prohibited Conduct”) for private lenders, which went into effect in 2021, and has not resulted in an identifiable increase in the denial, suspension, or revocation of licenses of student loan servicers by the Commissioner. The State of California, which enacted the “Student Loan Borrower ‘Bill of Rights’” in 2020 to protect borrowers against unfair, deceptive, and predatory practices, similarly has not seen any cases filed under its newly established private cause of action.

**Expenditure and/or Revenue Formula**

It is anticipated that the impact on case filing rates will likely be minimal and that the bill will not have a significant fiscal impact on the Minnesota Judicial Branch.

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Callie Lehman

**Phone:** 651-297-7579

**Date:** 3/18/2024 3:11:47 PM

**Email:** callie.lehman@courts.state.mn.us