

---

## FEDERAL MANDATE ANALYSIS COMPARISON

808 KAR 9:010

Contact Person: Gary Stephens

Phone: 502-782-9046

Email: gary.stephens@ky.gov

- (1) Federal statute or regulation constituting the federal mandate. None
- (2) State compliance standards. None
- (3) Minimum or uniform standards contained in the federal mandate. n/a
- (4) Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate? n/a
- (5) Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. n/a

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

808 KAR 9:010

Contact Person: Gary Stephens  
Title: Assistant General Counsel  
Address: 500 Mero St, 2 SW 19  
Frankfort, KY 40601  
Phone: 502-782-9046  
Fax: 502-573-8787  
Email: gary.stephens@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation sets forth the definitions and requirements for licensee operation of the deferred deposit database established in KRS 286.9-140.

(b) The necessity of this administrative regulation:

KRS 286.9-140(1) requires the commissioner to implement a common database with real-time access to verify outstanding deferred deposit transactions.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This regulation establishes and sets forth the requirements for the licensee operation of the deferred deposit database.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This regulation establishes the database and licensee requirements for compliance with statute.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

KRS 286.9-140(2) was amended from a set amount of one dollar (\$1) to require the commissioner to charge a fee of up to three dollars (\$3) per transaction. This amendment sets the fee per transaction to \$2.25, **which, based on the amendments after public comments, may be paid by the licensee or passed on to the customer.**

(b) The necessity of the amendment to this administrative regulation:

This regulation sets forth the fee amount as the amended statute provided only a ceiling but no specific dollar amount.

(c) How the amendment conforms to the content of the authorizing statutes:

The statute requires the commissioner to charge a fee for each transaction; however, the amount was not set.

(d) How the amendment will assist in the effective administration of the statutes:

The amendment will establish the fee as required by statute.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

The amendment would affect licensed deferred deposit entities and consumers that enter into deferred deposit agreements. From May 2023 through May 2024, there have been 1,131,119 deferred deposit transactions in Kentucky. There are 231 licensed deferred deposit entities.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

The regulated entities will be required to amend their customer documents to reflect the new fee and ensure it is properly disclosed.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

The cost of editing the template documents will be minimal.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

The entities will not accrue benefits as they do not retain the fee.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

\$0

(b) On a continuing basis:

\$0

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

N/A

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

Yes. This administrative regulation increases the transaction fee from \$1 to \$2.25.

(9) TIERING: Is tiering applied? (Explain why or why not)

No. The set amount for each transaction is the same regardless of the dollar amount of the deferred deposit transaction.

## FISCAL NOTE

808 KAR 9:010

Contact Person: Gary Stephens

Phone: 502-782-9046

Email: gary.stephens@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 286.9-140

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:  
The Department of Financial Institutions, Non-Depository Division

(a) Estimate the following for the first year:

Expenditures: None

Revenues: Estimated to be \$1.2 million (depends on number of transactions, which varies each year)

Cost Savings: None

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

No difference in subsequent years.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):

None

(a) Estimate the following for the first year:

Expenditures: N/A

Revenues: N/A

Cost Savings: N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A

(4) Identify additional regulated entities not listed in questions (2) or (3):

The fee is a pass-through to the consumer, so it will not impact other regulated entities.

(a) Estimate the following for the first year:

Expenditures: N/A

Revenues: N/A

Cost Savings: N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

The costs will not impact the licensees, but the fee will pass to the consumer and will only be incurred when entering into a contract for a deferred deposit transaction. **Based on the amendments after public comments, a licensee may pay the fee directly or pass it along to the consumer. If the licensee pays the fee directly, the impact would be as much as \$2.25 per transaction.**

(b) Methodology and resources used to determine the fiscal impact:

The fiscal impact was determined by reviewing the requirements to comply with the amended regulation.

(6) Explain:

---

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)  
The regulation will not have an overall negative or adverse major economic impact to the entities identified in the aforementioned questions.

(b) The methodology and resources used to reach this conclusion:  
The expected costs were reviewed.