

**2001 DRAFTING REQUEST**

**Bill**

Received: 09/28/2000

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Geisler**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Alt. Drafters:

Subject: **Fin. Inst. - WCA**

Extra Copies:

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**Pre Topic:**

DOA:.....Geisler -

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**Topic:**

Fees under the Wisconsin Consumer Act

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**Instructions:**

See Attached. Permit DFI to set consumer act registration fees by rule rather than according to specified minimums and maximums in statutes.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 09/29/2000	gilfokm 09/29/2000		_____			
/1			jfrantze 10/02/2000	_____	gretskl 10/02/2000		

FE Sent For:

<END>

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/?	rmarchan		Y/10/2	Y/10/2			

FE Sent For:

<END>

SECTION \_\_\_ 426.210 (2) (intro.) of the statutes is amended to read:

426.201 (2) (intro.) Each person subject to the registration requirements under sub. (1) shall file a registration statement with the administrator within 30 days after commencing business in this state, and thereafter, on or before February 28 of each year. The registration statement shall include all of the following information:

SECTION \_\_\_ 426.201 (2) (fm) of the statutes is amended to read:

426.201 (2) (fm) The ~~average monthly outstanding year-end~~ balance of all consumer credit transactions held by the person for the reporting period for which the registration statement is filed. In this paragraph, "~~average monthly outstanding year-end balance~~" and "~~reporting period~~" have has the meanings meaning given under in s. 426.202 (1m) (a).

SECTION \_\_\_ 426.201 (2) (g) of the statutes is amended to read:

426.201 (2) (g) Such other similar information as the administrator may require to effectuate the purposes and policies of chs. 421 to 427 and 429.

SECTION \_\_\_ 426.201 (2m) of the statutes is created to read:

426.201 (2m) (a) Except as provided under par. (b), each person subject to the registration requirements under sub. (1) shall file a registration statement containing the information under sub. (2) (a) to (g) by no later than February 28 of each year following the year of the person's initial registration under sub. (2).

(b) Paragraph (a) does not apply if the person's year-end balance is not more than \$250,000. In this paragraph, "year-end balance" has the meaning given in s. 426.202 (1m) (a).

SECTION \_\_\_ 426.201 (3) of the statutes is amended to read:

426.201 (3) The administrator shall adopt rules governing the filing of changes, additions or modifications of the registration statement required by this section, and shall adopt rules pertaining to form, verification, fees, and similar matters pertaining to the registration.

SECTION \_\_\_ 426.201 (5) of the statutes is amended to read:

426.201 (5) No person is subject to this section solely by reason of offering ~~the discount described in s. 422.201 (8) a discount of 5% or less of the stated price to induce payment in full within a stated period of time, with respect to a customer who does not pay in full within the stated period of time, in connection with a sale of particular goods and services for which credit is not otherwise available from the merchant.~~

SECTION \_\_\_ 426.202 (1m) (a) 1. (intro.) of the statutes is renumbered 426.202 (1m) (a) 3. And amended to read:

426.202 (1m) (a) 3. "~~Average outstanding monthly balance~~" "Year-end balance" means, for any person during any reporting period, the amount calculated as follows: the outstanding balance of all consumer credit transactions that the person has entered into or has obtained by assignment, and that originated in this state, as of December 31 preceding the annual registration filing date under s. 426.201 (2m) (a).

SECTION \_\_\_ 426.202 (1m) (a) 1. a. to c. of the statutes are repealed.

SECTION \_\_\_ 426.202 (1m) (b) of the statutes is amended to read:

426.202 (1m) (b) *Registration fee requirement.* Any person required to register under s. 426.201 shall pay a registration fee to the administrator when the person files the registration statement required under s. 426.201, ~~except that a person is not required to pay a registration fee under this section if the person's average outstanding monthly balance for that reporting period does not exceed \$250,000.~~

SECTION \_\_\_ 426.202 (1m) (c) of the statutes is amended to read:

426.202 (1m) (c) *Amount of registration fee.* The amount of the registration fee shall be determined in accordance with rates set by the administrator, ~~subject to the maximum and minimum fees under pars. (d) and (e).~~ In setting these rates, the administrator shall consider the costs of administering chs. 421 to 427 and 429, including the costs of enforcement, education and seeking voluntary compliance with chs. 421 to 427 and 429. ~~Subject to pars. (d) and (e), the~~ The registration fee for a person shall be based on the person's average monthly outstanding year-end balance during the reporting period.

SECTION \_\_\_ 426.202 (1m) (d) and (e) of the statutes are repealed.

BUDGET

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

RMNR

DNOTE

DOA-BUD

→ Give Request Sheet

- 1 AN ACT <sup>DON'T GEN. CAT</sup> relating to: registration and fees under the Wisconsin Consumer Act
- 2 and granting rule-making authority.

*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**  
**COMMERCE**

Under current law, a transaction in which a consumer is granted credit in an amount of \$25,000 or less and which is entered into for personal, family, or household purposes (consumer credit transaction) is generally subject to the Wisconsin Consumer Act. The Wisconsin Consumer Act provides obligations, remedies, and penalties that current law generally does not require for other transactions.

With certain limited exceptions, any person who makes or solicits consumer credit transactions in this state must register with DFI. Current law requires the person to register within 30 days after commencing business and then annually thereafter. Among other things, the required registration statement must state the average outstanding monthly balance, calculated according to a prescribed formula, of all consumer credit transactions that the person entered into in this state during the reporting period. A person who is subject to this registration requirement must pay a registration fee, unless the average outstanding monthly balance of all consumer credit transactions that the person entered into in this state is \$250,000 or less. Although DFI may determine the registration fee, based upon certain specified criteria, current law contains a minimum fee of \$25 and a maximum fee of \$1,500 or 0.005% of the average monthly outstanding balance, whichever is less.

This bill changes these registration and fee requirements. This bill requires a registration statement to include the year-end balance of all consumer credit

transactions rather than the average outstanding monthly balance. Also, under the bill, the year-end balance includes any consumer credit transaction that a person entered into or obtained by assignment, as long as the transaction originated in this state. In addition, under the bill, a person is exempt from the annual registration requirement, and the annual registration fee, if the person's year-end balance is \$250,000 or less, although the person still must make an initial registration and pay an initial registration fee. This bill also deletes the statutory minimum and maximum registration fees and requires DFI to set registration fees by rule, based upon the existing, specified criteria.

For further information see the ~~state~~ fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 426.201 (2) (intro.) of the statutes is amended to read:

2           426.201 (2) (intro.) Each person subject to the registration requirements under  
3 sub. (1) shall file a registration statement with the administrator within 30 days  
4 after commencing business in this state, ~~and thereafter, on or before February 28 of~~  
5 ~~each year.~~ The registration statement shall include all of the following information:

6           **SECTION 2.** 426.201 (2) (fm) of the statutes is amended to read:

7           426.201 (2) (fm) The ~~average monthly outstanding year-end~~ balance of all  
8 consumer credit transactions held by the person ~~for the reporting period for which~~  
9 ~~the registration statement is filed.~~ In this paragraph, ~~“average monthly outstanding~~  
10 ~~“year-end balance” and “reporting period” have the meanings has the meaning~~  
11 given under s. 426.202 (1m) (a).

12           **SECTION 3.** 426.201 (2m) of the statutes is created to read:

13           426.201 (2m) (a) Except as provided in par. (b), each person subject to the  
14 registration requirements under sub. (1) shall file a registration statement  
15 containing the information under sub. (2) (a) to (g) no later than February 28 of each  
16 year following the year of the person's initial registration under sub. (2).

1 (b) 1. In this paragraph, “year-end balance” has the meaning given in s.  
2 426.202 (1m) (a).

3 2. Paragraph (a) does not apply if the person’s year-end balance is not more  
4 than \$250,000.

5 **SECTION 4.** 426.201 (3) of the statutes is amended to read:

6 426.201 (3) The administrator shall adopt rules governing the filing of changes,  
7 additions, or modifications of the registration statement required by this section, and  
8 shall adopt rules pertaining to form, verification, fees, and similar matters  
9 pertaining to the registration.

10 **SECTION 5.** 426.202 (1m) (a) 1. (intro.) of the statutes is renumbered 426.202  
11 (1m) (a) 3. and amended to read:

12 426.202 (1m) (a) 3. ~~“Average outstanding monthly~~ “Year-end balance” means,  
13 for ~~any person during~~ any reporting period, the ~~amount~~ calculated as follows:  
14 outstanding balance of all consumer credit transactions that a person has entered  
15 into or has obtained by assignment, and that originated in this state, as of December  
16 31 preceding the annual registration filing date under s. 426.201 (2m) (a).

17 **SECTION 6.** 426.202 (1m) (a) 1. a. of the statutes is repealed.

18 **SECTION 7.** 426.202 (1m) (a) 1. b. of the statutes is repealed.

19 **SECTION 8.** 426.202 (1m) (a) 1. c. of the statutes is repealed.

20 **SECTION 9.** 426.202 (1m) (b) of the statutes is amended to read:

21 426.202 (1m) (b) *Registration fee requirement.* Any person required to register  
22 under s. 426.201 shall pay a registration fee to the administrator when the person  
23 files the registration statement required under s. 426.201, ~~except that a person is not~~  
24 ~~required to pay a registration fee under this section if the person’s average~~  
25 ~~outstanding monthly balance for that reporting period does not exceed \$250,000.~~



DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

0599/P12h  
LRB-0230/P12h  
RJM:kmg:jf

~~September 20, 2000~~

Jeff Geister

~~David Anderson:~~

✓ with your request

Please review this draft carefully to ensure that it is consistent with your intent. Please note that the draft is based on the language provided to me by ~~DFL~~ and, as a result, is broader in scope and effect than the instructions contained in your cover letter. The bill does not contain the language provided by ~~DFL~~ regarding s. 426.201 (2) (g) and (5), stats., because the treatment of those statutes is not necessary to accomplish your intent.

Please call if you have any questions or suggested changes.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: robert.marchant@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0599/1dn  
RJM:kmg:jf

October 2, 2000

Jeff Geisler:

Please review this draft carefully to ensure that it is consistent with your intent. Please note that the draft is based on the language provided to me with your request and, as a result, is broader in scope and effect than the instructions contained in your cover letter. The bill does not contain the language provided regarding s. 426.201 (2) (g) and (5), stats., because the treatment of those statutes is not necessary to accomplish your intent.

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Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: robert.marchant@legis.state.wi.us



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0599/1  
RJM:kmg:jf

DOA:.....Geisler - Fees under the Wisconsin Consumer Act

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

- 1 **AN ACT ...; relating to:** registration and fees under the Wisconsin Consumer Act  
2 and granting rule-making authority.

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**COMMERCE AND ECONOMIC DEVELOPMENT**  
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Under current law, a transaction in which a consumer is granted credit in an amount of \$25,000 or less and which is entered into for personal, family, or household purposes (consumer credit transaction) is generally subject to the Wisconsin Consumer Act. The Wisconsin Consumer Act provides obligations, remedies, and penalties that current law generally does not require for other transactions.

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