

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2573/2	Introduction Number AB-393
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Subject
 Rental-purchase companies

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.144(1)(g)	

Agency/Prepared By DFI/ Susan Dietzel (608) 267-0399	Authorized Signature Susan Dietzel (608) 267-0399	Date 5/17/01
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Fiscal Estimate Narratives

DFI 5/17/01

LRB Number 01-2573/2	Introduction Number AB-393	Estimate Type Original
Subject Rental-purchase companies		

Assumptions Used in Arriving at Fiscal Estimate

This bill provides for the licensing and regulation of rental purchase companies by the Department of Financial Institutions.

The Department estimates there are approximately 35 such companies with approximately 80 locations that will be licensed. License fees are to be set by rule. Currently, fees for loan companies and insurance premium finance companies are \$500 for a license and \$300 for initial investigation fees. Based on those rates, and assuming 2 new licensees per year, anticipated revenue from license fees would be \$41,600 annually.

Costs associated with administering this bill include approximately 1.5 positions to process licenses, perform compliance examinations, program computer systems, and respond to inquiries and complaints. Based on an average examiner position salary of \$43,000 plus fringe benefits (36%), salaries and fringe total \$87,700. On-going costs associated with these positions total \$1,800 annually.

The bill provides for the examination of these companies, but does not specify when they are to occur. Costs associated with the examinations may be recovered. We anticipate that approximately half of the licensees will be examined annually, accounting for approximately 0.5 position (of the 1.5 above). Currently, the Department performs desk examinations of its licensed companies. New business types generally require more on site visits. Depending on the location of companies examined and the necessity of visiting branch locations, it is difficult to estimate travel costs, but a reasonable estimate, without extensive out of state travel, would be approximately \$2,000 annually. Revenue from examinations at the current exam rate would be approximately \$56,200.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject Rental-purchase companies			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$87,700	
	(FTE Position Changes)	(1.5 FTE)	
	State Operations - Other Costs	3,800	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$91,500	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS	91,500	
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned	11,700	
	FED	86,100	
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$97,800	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$91,500	\$
NET CHANGE IN REVENUE		\$97,800	\$
Agency/Prepared By		Authorized Signature	Date
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