

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-4313/1</b>	Introduction Number <b>AB-898</b>
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**Subject**  
 Regulation of rental-purchase agreements

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues  
 Decrease Existing Appropriations     
  Decrease Existing Revenues  
 Create New Appropriations

Increase Costs - May be possible to absorb within agency's budget  
 Yes       No  
 Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1.  Increase Costs      3.  Increase Revenue  
     Permissive  Mandatory     
     Permissive  Mandatory  
 2.  Decrease Costs      4.  Decrease Revenue  
     Permissive  Mandatory     
     Permissive  Mandatory

5. Types of Local Government Units Affected

Towns       Village       Cities  
 Counties       Others 0  
 School Districts       WTCS Districts

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<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)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DFI/ Susan Dietzel (608) 267-0399	Susan Dietzel (608) 267-0399	2/26/2004

## Fiscal Estimate Narratives

DFI 2/27/2004

LRB Number	<b>03-4313/1</b>	Introduction Number	<b>AB-898</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Regulation of rental-purchase agreements					

### 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 40 such companies with approximately 70 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 \$36,600 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 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 - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-4313/1</b>		Introduction Number <b>AB-898</b>	
<b>Subject</b>			
Regulation of rental-purchase agreements			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
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			
<b>TOTAL State Costs by Category</b>		<b>\$91,500</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS		91,500	
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned		11,100	
FED			
PRO/PRS		81,700	
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$92,800</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$91,500	\$
NET CHANGE IN REVENUE		\$92,800	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DFI/ Susan Dietzel (608) 267-0399		Susan Dietzel (608) 267-0399	2/26/2004