

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|------------------------------------|--|
| LRB Number 05-0288/5 | Introduction Number SB-268 |
|------------------------------------|--|

Subject
 Regulation of rental-purchase agreements under Wisconsin Consumer Act

Fiscal Effect

State:

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

| | |
|--|---------------------------------------|
| 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) | |

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| Agency/Prepared By DFI/ Susan Dietzel (608) 267-0399 | Authorized Signature Susan Dietzel (608) 267-0399 | Date 8/4/2005 |
|--|---|-------------------------|

Fiscal Estimate Narratives

DFI 8/8/2005

| | | | | | |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 05-0288/5 | Introduction Number | SB-268 | Estimate Type | Original |
| Subject | | | | | |
| Regulation of rental-purchase agreements under Wisconsin Consumer Act | | | | | |

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 20 such companies with approximately 200 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. License renewal is \$500 per year. Based on those rates, and assuming 4 new licenses each year, anticipated annual revenue from license fees would be approximately \$103,200.

The companies regulated by this bill are subject to specific requirements of the Wisconsin Consumer Act, including reporting requirements and payment of a registration fee. The fee is to be determined in accordance with rates set by the Department. Assuming an average fee of \$100 per location, annual registration fee revenue would be approximately \$20,000.

Costs associated with administering this bill include 2.0 positions to process licenses, perform compliance examinations, program computer systems, conduct forms reviews, provide education, and respond to inquiries and complaints. These resources are not currently available within the Department. Based on an examiner position salary of \$46,000 plus fringe benefits (40%), salaries and fringe benefits total \$128,800. On-going costs associated with these positions total \$2,500 annually.

The bill provides for the examination of these companies, but does not specify when they are to occur. Costs associated with the examinations would be recovered. We anticipate that approximately half of the licensees would be examined annually, accounting for approximately 0.75 position (of the 2.0 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 state travel, would be approximately \$4,000 annually. Revenue from examinations at the current exam rate would be approximately \$84,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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| Subject | | | |
| Regulation of rental-purchase agreements under Wisconsin Consumer Act | | | |
| 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 | \$128,800 | |
| | (FTE Position Changes) | (2.0 FTE) | |
| | State Operations - Other Costs | 6,500 | |
| | Local Assistance | | |
| | Aids to Individuals or Organizations | | |
| | TOTAL State Costs by Category | \$135,300 | \$ |
| B. State Costs by Source of Funds | | | |
| | GPR | | |
| | FED | | |
| | PRO/PRS | 135,300 | |
| | 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 | 71,900 | |
| | FED | | |
| | PRO/PRS | 135,300 | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$207,200 | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| NET CHANGE IN COSTS | | \$135,300 | \$ |
| NET CHANGE IN REVENUE | | \$207,200 | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| DFI/ Susan Dietzel (608) 267-0399 | | Susan Dietzel (608) 267-0399 | 8/4/2005 |