

**Committee Name:**

**Senate Committee – Privacy, Electronic Commerce and Financial Institutions  
(SC-PECFI)**

**Appointments**

01hr\_SC-PECFI\_Appoint\_pt00

**Clearinghouse Rules**

**01hr\_SC-PECFI\_CRule\_01-056**

**Committee Hearings**

01hr\_SC-PECFI\_CH\_pt00

**Committee Reports**

01hr\_SC-PECFI\_CR\_pt00

**Executive Sessions**

01hr\_SC-PECFI\_ES\_pt00

**Hearing Records**

01hr\_ab0000

01hr\_sb0000

**Misc.**

01hr\_SC-PECFI\_Misc\_pt01

**Record of Committee Proceedings**

01hr\_SC-PECFI\_RCP\_pt00

# JON ERPENBACH

STATE SENATOR

**TO: Senate Privacy, Electronic Commerce and Financial Institutions Committee**  
**FR: Senator Jon Erpenbach, Chair**  
**DT: May 31, 2001**  
**RE: Clearinghouse Rules 01-041 and 01-056**

Attached are Clearinghouse rules 01-041 and 01-056 both relating to investments in development companies. If you would like a hearing or meeting with the Department of Financial Institutions on either rule, please contact my office by June 22<sup>nd</sup>. Thank you.



**State of Wisconsin**  
*Department of Financial Institutions*

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Scott McCallum, Governor

John F. Kundert, Secretary

DATE: May 22, 2001

TO: Senator Fred Risser, President  
Wisconsin State Senate

Representative Scott Jensen, Speaker  
Wisconsin State Assembly

FROM: Mark Schlei, Deputy General Counsel  
Department of Financial Institutions

SUBJECT: Notice regarding CR 01-056

Pursuant to s. 227.19(2), Stats., notice is hereby given that CR 01-056 (proposed rule DFI—SB 16.03(7)) is in final draft form. Pursuant to s. 227.19(3), Stats., the following documentation accompanies this notice in triplicate: proposed rule, the material specified in s. 227.14(2) to (4), Stats., (analysis and fiscal estimate), a copy of any recommendations of legislative council staff and an analysis pursuant to s. 227.19(3), Stats. If you have any questions regarding this matter or the enclosed, please do not hesitate to contact me at tel. 267-1705.

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*Office of the Secretary*

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PROPOSED RULE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SAVINGS INSTITUTIONS

Analysis: To create s. DFI—SB 16.03 (7). Statutory authority: s. 214.03, Stats. Summary: Currently state-chartered banks are authorized to invest, in an amount not to exceed in the aggregate 5% of its capital, in shares of small business investment companies located in this state. However, similar authorization does not exist for state-chartered savings banks. This rule authorizes state-chartered savings banks to similarly invest. This rule helps state-chartered savings banks to remain competitive with other financial institutions. Agency person to be contacted for substantive questions and responsible for the agency's internal processing: Mark Schlei, Deputy General Counsel, Department of Financial Institutions, Office of the Secretary, tel. (608) 267-1705.

SECTION 1: SECTION DFI—SB 16.03 (7) is created to read:

**DFI—SB 16.03 (7) INVESTMENTS IN DEVELOPMENT COMPANIES.** A savings bank is authorized to invest, in an amount not to exceed in the aggregate 5% of its capital, in shares of small business investment companies located in this state.

### Fiscal Estimate — 2001 Session

- Original       Updated  
 Corrected       Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number

Subject  
 Investments in development companies.

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation       Increase Existing Revenues  
 Decrease Existing Appropriation       Decrease Existing Revenues  
 Create New Appropriation

Increase Costs — May be possible to absorb within agency's budget.  
 Yes       No

Decrease Costs

Local:  No Local Government Costs

- |  |   |
|--|---|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |

5. Types of Local Governmental Units Affected:

- Towns     Villages     Cities  
 Counties     Others  
 School Districts       WTCS Districts

Fund Sources Affected

- GPR     FED     PRO     PRS     SEG     SEG-S

Affected Chapter 20 Appropriations

**Assumptions Used in Arriving at Fiscal Estimate**

Currently state-chartered banks are authorized to invest, in an amount not to exceed in the aggregate 5% of its capital, in shares of small business investment companies located in this state. However, similar authorization does not exist for state-chartered savings banks. This rule authorizes state-chartered savings banks to similarly invest and helps state-chartered savings banks to remain competitive with other financial institutions. Pursuant to s. DFI—SB 16.03 (7), a savings bank would be authorized to invest, in an amount not to exceed in the aggregate 5% of its capital, in shares of small business investment companies located in this state. Such investments will be reviewed as part of the existing examination process by the department and therefore have no fiscal impact.

**Long-Range Fiscal Implications**

None

Prepared By: Mark Schlei	Telephone No. 267-1705	Agency DFI
Authorized Signature <i>Mark Schlei</i>	Telephone No. 267-1705	Date (mm/dd/ccyy) 04/11/01



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## WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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Ronald Sklansky  
*Clearinghouse Director*

Richard Sweet  
*Clearinghouse Assistant Director*

Terry C. Anderson  
*Legislative Council Director*

Laura D. Rose  
*Legislative Council Deputy Director*

### CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

#### CLEARINGHOUSE RULE 01-056

AN ORDER to create DFI-SB 16.03 (7), relating to investments in development companies.

Submitted by **DEPARTMENT OF FINANCIAL INSTITUTIONS**

05-14-01 RECEIVED BY LEGISLATIVE COUNCIL.

05-15-01 REPORT SENT TO AGENCY.

RS:jal

**LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT**

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached      YES       NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached      YES       NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached      YES       NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS  
[s. 227.15 (2) (e)]

Comment Attached      YES       NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached      YES       NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL  
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached      YES       NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached      YES       NO



**State of Wisconsin**  
*Department of Financial Institutions*

Scott McCallum, Governor

John F. Kundert, Secretary

DATE: May 22, 2001

TO: Senator Fred Risser, President  
Wisconsin State Senate

Representative Scott Jensen, Speaker  
Wisconsin State Assembly

FROM: Mark Schlei, Deputy General Counsel  
Department of Financial Institutions

SUBJECT: Report on CR 01-056

This report is submitted pursuant to s. 227.19 (2) and (3), Stats., regarding CR 01-056 (proposed rule s. DFI—SB 16.03(7)).

1. STATEMENT EXPLAINING THE NEED FOR THE PROPOSED RULE

Currently state-chartered banks are authorized to invest, in an amount not to exceed in the aggregate 5% of its capital, in shares of small business investment companies located in this state. However, similar authorization does not exist for state-chartered savings banks. Section DFI—SB 16.03 (7) authorizes state-chartered savings banks to similarly invest. This rule helps state-chartered savings banks to remain competitive with other financial institutions.

2. MODIFICATIONS MADE AS A RESULT OF TESTIMONY RECEIVED AT THE PUBLIC HEARING

No modifications were made as a result of testimony received at the public hearing.

3. PERSONS APPEARING OR REGISTERING FOR OR AGAINST THE PROPOSED RULE AT THE PUBLIC HEARING

Richard R. McGuigan of the Community Bankers of Wisconsin spoke in favor of the proposed rules.

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4. RESPONSE TO LEGISLATIVE COUNCIL RECOMMENDATIONS

Legislative council staff made no recommendations.

5. FINAL REGULATORY FLEXIBILITY ANALYSIS

Pursuant to s. 227.19(3m), a final regulatory flexibility analysis is not required.



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## WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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