

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3166/1	Introduction Number SB-246
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Subject
 Deadlines for certain agencies to issue permits

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
- Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
- Create New Appropriations Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs 3. Increase Revenue
 5. Types of Local Government Units Affected
- Permissive Mandatory
 Permissive Mandatory
 Towns Village Cities
- 2. Decrease Costs 4. Decrease Revenue
- Permissive Mandatory
 Permissive Mandatory
 Counties Others
- Permissive Mandatory
 Permissive Mandatory
 School Districts 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); 20.144(2)(g)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DFI 9/16/2003

LRB Number	03-3166/1	Introduction Number	SB-246	Estimate Type	Original
Subject					
Deadlines for certain agencies to issue permits					

Assumptions Used in Arriving at Fiscal Estimate

This bill would require the Department of Financial Institutions to establish, by rule, periods within which the department intends to approve or disapprove applications submitted to the department. It also would require the department to inform applicants of the period established for review and approval or disapproval of a license or filing. Extensions may be permitted for incomplete applications if written notice is provided within 14 days.

Annually, the department reviews approximately 314,000 documents for approval or disapproval. Over 90% of these applications already have statutory deadlines for approval. In many instances, current departmental processing timelines are such that approval or disapproval is determined before notification would be received by an applicant.

The bill divides the department's applications into two groups. The first category includes applications for licenses by financial service providers including licensed lenders, insurance premium finance companies, sellers of checks, adjustment services companies, collection agencies, and currency exchange providers; as well as mortgage bankers, loan originators, or mortgage brokers, and securities broker-dealers, agents, investment advisers, and investment adviser representatives. The bill requires that, for these applications, if the department fails to meet the deadline for these applications, the department is to refund fees paid.

Other applications receive different treatment. They include applications by banks, savings institutions, credit unions, corporate applications, UCC filings, and securities offerings filings. If the department fails to meet the deadline for these applications, the applications are automatically approved.

Fiscal Estimate Assumptions:

- Notification - Each application would require notification to the applicant of the deadline as well as notification of extension if an application is found to be incomplete. Assuming 1.5 notifications for each application, postage fees would total approximately \$174,270. (314,000 applications x 1.5 notifications x \$0.37 postage) Envelope costs would total approximately \$9,420. (314,000 x 1.5 x \$0.02/envelope)
- System Development – In order to avoid a costly manual-based system of tracking documents and distributing notices, an automated system for identifying applications received, automating distribution of notices sent, and tracking applications throughout the process a system would need to be developed. Based on an earlier estimate for a system to track documents, it is anticipated that the cost of the system would be approximately \$132,500.
- Revenue Reduction: Refund of fees – The bill requires that fees associated with certain applications be refunded should the department not approve or disapprove an application timely. Deadlines are to be established by rule, so it is not possible to determine at this point what the fiscal impact will be. Total revenue received from these applications in FY 03 was approximately \$7,787,200. Over half of that revenue is already covered by a statutory requirement for automatic approval if the approval/disapproval is delayed.

Total fiscal effect of this bill to the department:

Expenditures:

Postage \$174,370
Envelopes 9,420
System Development (one-time) 132,500
Total \$316,290

Revenue Reduction: Unknown

Long-Range Fiscal Implications