

Fiscal Estimate Narratives

DFI 5/2/2005

LRB Number	05-2226/2	Introduction Number	AB-333	Estimate Type	Original
Subject					
Wisconsin Consumer Act applicability and remedies					

Assumptions Used in Arriving at Fiscal Estimate

Expenditures

This bill expands coverage of the Wisconsin Consumer Act (WCA) to transactions up to \$75,000. Currently, the threshold for transactions covered by the WCA is \$25,000. By increasing the coverage, the bill will increase the number of credit transactions that will be regulated under the WCA. This in turn will add to the number of complaints the Department will receive and investigate. It is difficult to estimate either the increase in regulated transactions or associated complaints as these transactions are not currently regulated. While the number of complaints will likely increase, it is anticipated that they can be addressed by current staff at this point.

Revenue

Because this bill will increase the number of credit transactions that will be regulated under the WCA, it will also increase the registration fees collected by the Department. The fee is determined by multiplying the creditor's year-end balance of consumer credit transactions by a rate of .0006% with a minimum fee of \$25 and a maximum fee of \$2,800. Registration fees collected in 2004 totaled \$463,000. Again, estimating is difficult because the number of new transactions that will be regulated is unknown as well as the number that will be added to those already reporting at the maximum fee level. The Office of Consumer Affairs has indicated a rough increase in registration fees of approximately \$40,000.

Long-Range Fiscal Implications