

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                                    |                                          |
|------------------------------------|------------------------------------------|
| <b>LRB Number</b> <b>05-2940/2</b> | <b>Introduction Number</b> <b>SB-694</b> |
|------------------------------------|------------------------------------------|

**Description**  
 Transactions and unconscionable practices subject to, and remedies under, the 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 checked="" type="checkbox"/> Yes <input 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 type="checkbox"/> No Local Government Costs                     | <b>5.Types of Local Government Units Affected</b>                                                                                                                                                                                                         |  |
| <input type="checkbox"/> Indeterminate                                 | <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |  |
| 1. <input type="checkbox"/> Increase Costs                             | 3. <input type="checkbox"/> Increase Revenue                                                                                                                                                                                                              |  |
| <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                                                                                                                                                                                    |  |

|                                                                                                                                                                                                           |                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| <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 s. 20.144(1)(g) |                                       |

|                                                                |                                                             |                          |
|----------------------------------------------------------------|-------------------------------------------------------------|--------------------------|
| <b>Agency/Prepared By</b><br>DFI/ Susan Dietzel (608) 267-0399 | <b>Authorized Signature</b><br>Susan Dietzel (608) 267-0399 | <b>Date</b><br>4/25/2006 |
|----------------------------------------------------------------|-------------------------------------------------------------|--------------------------|

## Fiscal Estimate Narratives

DFI 4/26/2006

|                                                                                                      |                  |                     |               |               |                 |
|------------------------------------------------------------------------------------------------------|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number                                                                                           | <b>05-2940/2</b> | Introduction Number | <b>SB-694</b> | Estimate Type | <b>Original</b> |
| <b>Description</b>                                                                                   |                  |                     |               |               |                 |
| Transactions and unconscionable practices subject to, and remedies under, the Wisconsin Consumer Act |                  |                     |               |               |                 |

### Assumptions Used in Arriving at Fiscal Estimate

This bill changes the scope of the Wisconsin Consumer Act, increasing from \$25,000 to \$75,000 transactions to be covered by the Wisconsin Consumer Act.

Revenue from consumer act registration for the current fiscal year is estimated at \$500,000. Registration fees are calculated by filers based on their outstanding balance of consumer credit transactions as of the end of the year. The minimum payment is \$25 and the maximum is \$2,800. Staff from the Wisconsin Consumer Act Section, who administer the program, estimate an increase in revenue of approximately 6%, or \$30,000 annually. While the bill triples the amount of a transaction that is subject to the Consumer Act, the number of loans that will be affected is not expected to be significant. The vast majority of Consumer Act loans will continue to be those less than \$25,000. This includes credit cards and amounts borrowed to finance auto loans. There may be an increase in the number of home equity lines of credit that will fall under the Consumer Act. Complete data specific to the additional volume of transactions that would be subject to the consumer act is not available. Based on conversations with current filers, several report that they already include those transactions as part of their calculation, simply because their own systems do not separately identify based on amount of transaction.

There may be small administrative costs associated with increased complaints and processing, but they should be minimal.

The change to unconscionable conduct definitions will not have a fiscal impact.

### Long-Range Fiscal Implications