

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1920/2	Introduction Number AB-0392
Description Finance charges for licensed lenders	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 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 5. Types of Local Government Units Affected <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 s. 20.144(1)(g)	
Agency/Prepared By DFI/ Susan Dietzel (608) 267-0399	Authorized Signature Susan Dietzel (608) 267-0399
Date 9/1/2009	

Fiscal Estimate Narratives

DFI 9/1/2009

LRB Number	09-1920/2	Introduction Number	AB-0392	Estimate Type	Original
Description Finance charges for licensed lenders					

Assumptions Used in Arriving at Fiscal Estimate

This bill changes the licensing requirements for licensed lenders. Currently, these requirements apply to lenders, other than banks, savings institutions or credit unions, who assess a finance charge on a consumer loan that is greater than 18%. This bill adjusts the definition of a licensed lender such that it applies to those lenders who make consumer loans of \$5,000 or less and caps the finance charge at 36% per year.

There are currently 792 licensed lenders. Of these, 540 are classified as payday lenders or pawn brokers. These lenders typically make loans at a rate well above 36% per annum and it is likely that given the parameters of the bill, they will either discontinue operations or operate without a license.

Additionally, 36 of these licensed lenders are mortgage bankers whose loans generally run greater than \$5,000. They would not need to be licensed under this bill.

With an anticipated reduction of 576 licensees, related licensing revenue to the Department would be reduced. Wisconsin Consumer Act registration fees received from these lenders would also be reduced.

576 x \$500 annual renewal \$288,000
New licensees not licensed 7,500
Consumer Act registration fee reduction 4,000
Total estimated annual revenue reduction \$299,500

Costs associated with these lenders would not measurably be affected as the Department would still need to maintain a reasonable level of complaint resolution and enforcement activity.

Long-Range Fiscal Implications