

Fiscal Estimate Narratives

DFI 1/19/2012

LRB Number	11-2357/2	Introduction Number	AB-0429	Estimate Type	Original
Description Waiving fees for certain professional and occupational licenses issued to veterans					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a one-time fee waiver for certain professional licenses issued by the Department of Financial Institutions. These licenses include solicitor/collectors, mortgage loan originators, and certain securities professionals.

According to the bill analysis, the waiver is intended for initial licenses only.

Both Mortgage Loan Originators and Securities Professionals are licensed/registered through a national system – the National Mortgage Licensing System (NMLS), operated by the State Regulatory Registry (SRR) for loan originators and the Central Registration Depository (CRD), operated by the Financial Industry Regulatory Authority (FINRA) in the case of securities registration. These national systems both have access fees payable to the operating organizations that would not be affected by this legislation. These access fees are separate from the state license/registration fee.

According to staff at the State Regulatory Registry, LLC, which operates the NMLS, the system would likely be able to accommodate the proposed fee waiver through moderate programming changes.

However, staff at the Financial Industry Regulatory Authority (FINRA), who operate the CRD, have indicated they would not be able to accommodate the fee waiver in their system, unless multiple states make a request. In that case, securities registration applicants would need to go through the regular registration process, with fees to be refunded after eligibility verification by the DVA.

Impact on Revenue:

While it is not known how many potential veteran applicants will qualify and take advantage of the fee waiver, for fiscal impact purposes, the Department has estimated that 7.25% of expected new Wisconsin-based licensees will qualify for the fee waiver. This number is approximately the percentage of the number of veterans compared to the state population.

Loan Originators – Assuming 636 new licensees (based on most recent figures) and 80% based in Wisconsin, the total number of Wisconsin applicants in a year is an estimated 509. Assuming 7.25% (37) of these licensees would qualify for a waiver of the \$250 fee, the impact on revenue would be approximately \$9,250 annually.

Securities Professionals – The Department registers both broker-dealer representatives and investment advisors through the CRD system. Of the estimated 34,160 new licensees each year, the division of securities estimates that approximately 3,200 are located in Wisconsin. Again, assuming 7.25% (232) of these licensees would qualify for a waiver of the \$80 fee, the impact on revenue would be approximately \$18,560 per year.

Solicitor/Collectors – The license fee for solicitor/collectors is \$15 per license. It is not anticipated that the impact on revenue associated with this license type will be significant.

Total estimated reduction in license fee revenue: \$27,810

Impact on Expenditures:

Mortgage Banking Loan Originators – To accommodate the legislation, the SRR staff managing the NMLS system indicated it would be possible to accommodate the proposed legislation. It is possible that the Department will be charged development and programming costs. Any amount to be assessed is not known at this time.

To manage the fee waiver program at the department, there will be administrative time to obtain eligibility verification for each individual requesting the waiver.

Securities Professionals – Because the CRD system will not accommodate the license fee waiver, department staff will need to request a refund for each eligible veteran. As with the mortgage banking licensees, there will also be eligibility verification.

In addition, the Department will need to update their website to provide information regarding the fee waiver program.

It is anticipated that the staff time to administer the fee waiver program is approximately 0.10 FTE. At \$17 per hour and 37.5% fringe benefits, the estimated personnel cost is \$4,900.

Long-Range Fiscal Implications