

Report From Agency

Clearinghouse Rule 12 - 034

REPORT TO THE LEGISLATURE

Pursuant to s. 227.19(3), Stats.

I. Basis and Purpose of the Proposed Rules

As a result of the passage of 2011 Wisconsin Act 32, a licensed lender that holds the proper certificate of authorization may make title loans. However, no licensed lender may make a title loan to a borrower that results in the borrower having liability for the loan, in principal, of more than 50 percent of the retail value of the motor vehicle used as security for the loan.

The purpose of this proposed rule is to set guidelines for determining the retail value of a motor vehicle, including specifying nationally recognized pricing guides that may be used for determining retail value at the time of loan origination.

II. Summary of the Proposed Rules

The proposed rule requires a licensed lender to use a vehicle valuation guide to determine the retail value of a motor vehicle at the time of title loan origination. Guides that can be used are: Black Book, National Automobile Dealers Association, Kelley Blue Book, or any other guide approved in writing by the division.

Licensed lenders must take into account the location, year, make, model, trim, mileage, engine size, transmission type, options, condition, and any other criteria used by the valuation guide to determine the retail value of the vehicle.

Licensed lenders are also required to maintain documentation detailing how the retail value was determined in the customer's file.

III. Compliance with s. 227.116, Stats.

The rule does not establish a permit, and is in compliance with s. 227.116, Stats.

IV. Department of Administration report, pursuant to s. 227.137(6), Stats.

The estimated cost of implementation and compliance will be less than \$20,000,000, no report is required under s. 227.137(6), Stats.

V. Energy impact report and analysis, pursuant to s. 227.117(2) and (3), Stats.

The proposed rules will have no impact on energy availability, s. 227.117(2), Stats., is not applicable.

VI. Small Business Regulatory Review Board report, pursuant to s. 227.14(2g), Stats. And Regulatory Flexibility Analysis, pursuant to s. 227.114, Stats.

The Department anticipates that the rules will have minimal impact on small businesses, and therefore, ss. 227.14(2g) and 227.114, Stats., are not applicable.

VII. List of persons who appeared or registered for or against the rule at the hearing

A public hearing was held on October 1, 2012, and no persons attended.

VIII. Summary of public comments to the proposed rule

Public comments on the proposed rule were accepted through October 16, 2012, and no public comments were received.

IX. Department's response to public comments

No comments were received.

X. Modifications made in the proposed rule as a result of public comments or testimony received

No public comments were submitted and no testimony was taken.

XI. Department's response to the Rules Clearinghouse report

The suggestions of the Rules Clearinghouse were adopted in full.