

CR 90-209

STATE OF WISCONSIN)
)
OFFICE OF COMMISSIONER OF BANKING)

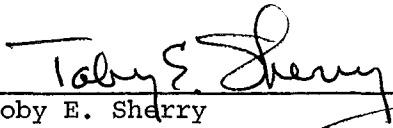
TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Toby E. Sherry, Commissioner of Banking and custodian of the official records of said office, do hereby certify that the annexed rule relating to creating a procedure for licensing and registration for motor vehicle dealers to operate as sales finance companies was duly approved and adopted by this office on the 10th day of May, 1991.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the department at the Office of Commissioner of Banking in the City of Madison this 10th day of May, 1991.





Toby E. Sherry
Commissioner of Banking

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Revisor of Statutes
Bureau

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ORDER OF THE OFFICE OF COMMISSIONER OF BANKING ADOPTING RULES

Final Form

The Wisconsin Office of Commissioner of Banking proposes an order repealing and recreating s. Bkg 76.11, Wis. Adm. Code, and creating s. Bkg 76.12, s. Bkg 76.13 and s. Bkg 76.14, Wis. Adm. Code relating to creating a procedure for licensing and registration for motor vehicle dealers to operate as sales finance companies.

Analysis Prepared by the Wisconsin Office of Commissioner of Banking:

STATUTORY AUTHORITY: ss. 218.01(5)(c), and 218.01(2)(cm), Stats.

Summary of Proposed Rule. This proposed rule extends and staggers the licensing and registration periods for motor vehicle dealers to operate as sales finance companies licensed by the Office of Commissioner of Banking under ch. 218, Stats. The Office of Commissioner of Banking presently renews one-year business licenses for these businesses and individuals at the beginning of each calendar year. However, in 1989 the Wisconsin Legislature amended ch. 218, Stats., authorizing the Office to change the periods, issue dates, and fees of such business licenses. This rule is being drafted to operate in conjunction with Department of Transportation (DOT) rule, Clearinghouse Rule 90-191.

This rule uses that authority to propose repeal and recreation of s. Bkg 76.11, the creation of s. Bkg 76.12, s. Bkg 76.13 and s. Bkg 76.14 and establish the following business license and registration periods, fees, and expiration dates:

Two year business licenses will be issued to motor vehicle dealers to operate as sales finance companies.

Business licenses will expire on a staggered basis.

Business license fees will equal the current annual fees multiplied by the number of years the license is held.

Finally, the starting and ending dates for all business licenses will each be distributed over six dates per calendar year at two-month intervals. This staggered schedule changes the current system in which all business licenses begin on January 1 and expire on December 31.

These proposals are designed to increase the Office's administrative efficiency and reduce regulatory burdens on motor vehicle dealers operating as sales finance companies and other businesses. Annual licensing of these entities imposed substantial paperwork and accounting costs on the motor vehicle trade in Wisconsin, particularly since the applications required complex financial statements demonstrating solvency. In addition, annual licensing and the uniform expiration date causes the Consumer Credit Division's workload to swell each December, January and February. Failure to issue business licenses in a timely manner would harm both dealer sales finance companies and consumers.

The Legislature recognized these problems and amended the licensing statutes authorizing the Office to reduce and redistribute its workload by establishing multi-year business licenses with staggered expiration dates. The 2-year business licenses provide a reduction, by nearly half, the licensing workload for dealers and at the same time the Department of Transportation and the Office of Commissioner of Banking who co-license retail motor vehicle dealers receive adequate information to protect consumers.

Initial Regulatory Flexibility Analysis. The proposed rule is expected to help the small dealers as well as many large motor vehicle dealers who operate as sales finance companies. By extending licensing periods, the rule will reduce the number of application forms licensees must complete and furnish to the Office over several years by 50 percent. The smaller number of applications needed to maintain a dealership means lower administrative and accounting costs.

Even though the annual fees for business licenses have been increased by the statute, they are not considered an impediment to doing business. Furthermore, the costs of administering a dual payment system, allowing the dealer to pay fees on an annual basis, for a 2-year license was rejected because of problems in costs of administration.

Contact Person. Questions about this rule may be addressed to Donna Fuller, Consumer Credit Division, P.O. Box 7876, Madison, Wisconsin, 53707-7876, (608)266-1621.

TEXT OF PROPOSED RULE

Under the authority vested in the Wisconsin Office of Commissioner of Banking by ss. 218.01(2)(cm), 218.01(5)(c) and 227.11(2), Stats., the Office of Commissioner of Banking proposes to create the proposed rule interpreting s. 218.01(1)(jm), 218.01(2)(cm)4 & 5, 218.01(2)(d)8, 218.01(2)(dm), 218.01(2)(dr), repealing and recreating s. Bkg 76.11, Wis. Adm. Code, and creating s. Bkg 76.12, s. Bkg 76.13 and s. Bkg 76.14, Wis. Adm. Code.

SECTION 1. Bkg 76.11 is repealed and recreated to read:

BKG 76.11 DEFINITIONS. Words and phrases used in this chapter have the same meaning as found in ch. 218, Stats., unless additional interpretations are specified. In this chapter:

(1) "Business license" means a license issued by the Commissioner under ch. 218, Stats., to a motor vehicle dealer.

(2) "Commissioner" means the Office of Commissioner of Banking.

(3) "Initial license" means a license issued to a person or business who does not have such a license at the time of application.

(4) "Renewal license" means a license issued to a person or business who has such a license at the time of application.

SECTION 2. Bkg 76.12 is created to read:

BKG 76.12 LICENSE PERIODS AND EXPIRATION DATES. (1) BUSINESS LICENSES. (a) General licensing period and expiration dates. The license period for business licenses is 2 years. The commissioner shall issue business licenses that start and expire on the following dates:

Month When Business License Is Issued:	Month When Business License Expires:	
February 1	January 31	
April 1	March 31	All expiration
June 1	May 31	dates are in the
August 1	July 31	second year after
October 1	September 30	the date when
December 1	November 30	the license was
		issued.

SECTION 3. Bkg 76.13 is created to read:

BKG 76.13 LICENSE FEES. (1) The commissioner shall collect fees based on the statutory formulas described in s. 218.01(2)(dm), Stats., and elsewhere, which is the number of years in a licensing period multiplied by the current annual fee of \$50. If the dealer originates and carries or retains time sales contracts for more than 30 days in a total amount exceeding \$100,000, a bill will be issued for additional business license fees due based upon the schedule of fees in s. 218.01(2)(dr), Stats.

(2) When the commissioner issues an initial license for a period less than 2 years, it may reduce the business license fees by the same proportion as the reduction in the business license period.

SECTION 4. Bkg 76.14 is created to read:

BKG 76.14 TRANSITION PERIOD. The commissioner may extend the expiration dates of business licenses issued during the calendar year 1990 to a date no later than June 30, 1991. The commissioner may then issue business licenses between January 1, 1991 and June 30, 1991 which are valid for periods that differ from those described in other sections of this chapter but may not be longer than 3 years nor less than 6 months. The commissioner may charge licensing fees as described in the following formula: the transition fees will equal the current annual fees, multiplied by the number of months the business licenses are valid, and divided by 12. This section shall not be in effect after June 30, 1991.

Tommy G. Thompson
Governor



Toby E. Sherry
Commissioner
Richard L. Dean
Deputy Commissioner

State of Wisconsin
Office of Commissioner of Banking

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May 10, 1991

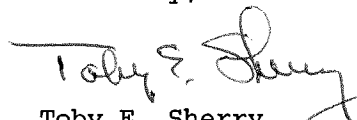
Mr. Gary Poulson
Assistant Revisor of Statutes
2nd Floor
119 Martin Luther King, Jr. Blvd.
Madison, WI 53703

Re: Clearinghouse Rule 90-209

Dear Mr. Poulson:

Attached please find a certified copy and one additional copy of this rule for publication in the Administrative Code. The rule was submitted to the Senate and Assembly in final draft form on March 27, 1991. Neither the Senate Committee on Aging, Banking, Commercial Credit and Taxation nor the Assembly Committee on Financial Institutions and Insurance took any action with respect to the Rule within 30 days of referral.

Sincerely,


Toby E. Sherry
Commissioner

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Enclosure