

Fiscal Estimate Narratives

DFI 3/5/02

LRB Number	01-4891/1	Introduction Number	SB-473	Estimate Type	Original
Subject					
Rental-purchase companies					

Assumptions Used in Arriving at Fiscal Estimate

This bill provides for the licensing and regulation of rental purchase companies by the Department of Financial Institutions.

The Department estimates there are approximately 35 such companies with approximately 80 locations that will be licensed. License fees are to be set by rule. Currently, fees for loan companies and insurance premium finance companies are \$500 for a license and \$300 for initial investigation fees. Based on those rates, and assuming 2 new licensees per year, anticipated revenue from license fees would be \$41,600 annually.

Costs associated with administering this bill include approximately 1.5 positions to process licenses, perform compliance examinations, program computer systems, and respond to inquiries and complaints. Based on an average examiner position salary of \$43,000 plus fringe benefits (36%), salaries and fringe total \$87,700. Ongoing costs associated with these positions total \$1,800 annually.

The bill provides for the examination of these companies, but does not specify when they are to occur. Costs associated with the examinations may be recovered. We anticipate that approximately half of the licensees will be examined annually, accounting for approximately 0.5 position (of the 1.5 above). Currently, the Department performs desk examinations of its licensed companies. New business types generally require more on site visits. Depending on the location of companies examined and the necessity of visiting branch locations, it is difficult to estimate travel costs, but a reasonable estimate, without extensive out of state travel, would be approximately \$2,000 annually. Revenue from examinations at the current exam rate would be approximately \$56,200.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4891/1		Introduction Number SB-473	
Subject			
Rental-purchase companies			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$87,700	
(FTE Position Changes)		(1.5 FTE)	
State Operations - Other Costs		3,800	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$91,500	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		91,500	
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned		11,700	
FED		86,100	
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$97,800	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$91,500	\$
NET CHANGE IN REVENUE		\$97,800	\$
Agency/Prepared By		Authorized Signature	Date
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