



## Fiscal Estimate Narratives

DFI 11/3/2023

LRB Number	23-2427/1	Introduction Number	AB-0617	Estimate Type	Original
<b>Description</b> the licensing and regulation by the Department of Financial Institutions of consumer lenders, payday lenders, money transmitters, sales finance companies, collection agencies, mortgage bankers and mortgage brokers, adjustment service companies, community currency exchanges, and insurance premium finance companies; the Nationwide Multistate Licensing System and Registry; modifying and repealing rules promulgated by the Department of Financial Institutions; and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

The proposed bill substantially modernizes the Department of Financial Institutions' licensing system for non-depository financial services providers by requiring utilization of the Nationwide Multistate Licensing System (NMLS), a national database developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators that streamlines licensing, renewal, and other regulatory filings for both licensees and regulators. There is no cost to the state to utilize NMLS. While the Department anticipates that substantial staff time will be needed to help licensees learn the new system, it believes it can provide this assistance in the normal course without the need for additional positions. Thus, the bill would modernize and streamline licensing at no additional cost to the state.

The bill also replaces the current chapter 217 of the Wisconsin Statutes with the Uniform Money Transmission Modernization Law, a model act published by the Conference of State Bank Supervisors in 2021 for promulgation in the states. The bill modifies the annual renewal fee structure for chapter 217 licensees, which run the gamut from smaller local operations to large global enterprises like PayPal and Venmo. For the substantial majority of chapter 217 licensees, the fees will be the same or smaller. Existing law sets an annual fee of \$500 (plus \$5 per location) for chapter 217 licensees, and the bill retains that \$500 fee (without the per-location charge) for licensees that transmit \$10 million per year or less. In 2022, 63 of the Department's 102 chapter 217 licensees fell into this category; collectively, they would save approximately \$2,010 per year in per-location fees. The bill increases the fee for larger money transmitters doing business in this state according to the volume of their business. Based on 2022 licensee volume data, the fee increases for high-volume money transmitters would result in an additional \$33,680 in annual fees to the Department. Subtracting the reduced fees for small businesses from the increased fees for larger companies, the net fiscal effect for the state is additional revenues of \$31,670 per year.

The bill slightly modifies the fee structure for collection agencies, as well, eliminating the \$15 licensing fees for solicitors and collectors. This will result in a modest loss of revenue to the state (approximately \$5,600 per year), but the Department expects that this loss will be offset by the additional revenue generated by requiring out-of-state collection agencies to obtain licenses for each place of business from which they engage in collecting debts from Wisconsin residents (even if those places of business are not physically in Wisconsin).

Finally, the bill modifies several additional statutes governing licensees, generally to add clarity or remove obsolete language or requirements. These are not anticipated to have any material fiscal effect for the state.

### Long-Range Fiscal Implications