

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date February 18, 2022</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) DFI-Bkg 73, 75, 76, and 79</p>	
<p>4. Subject Use of the Nationwide Multistate Licensing System and Registry (NMLS) by State-Licensed Adjustment Service Companies, Payday Lenders, Sales Finance Companies, and Sellers of Checks</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected N/A</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$30 to \$100 per licensee per year, depending on whether the licensee is an individual or a corporate entity, which comprises the fee charged by the NMLS to help maintain the NMLS system. For adjustment services companies and payday lenders, the NMLS also charges a \$20 branch fee if the company has more than one location licensed. The division believes—based on its experience in using the NMLS for mortgage loan originators—that most licensees will find that those modest NMLS costs are more than offset by their benefits, including efficiencies gained in reducing redundant filings reporting the same information in different formats in multiple states.</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule The proposed rules would modernize the division's licensing system for payday lenders, sellers of checks, sales finance companies, and adjustment service companies by requiring utilization of the 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. The system also facilitates cooperation among state regulators, which should reduce red tape and redundant work for both regulators and licensees who do business in multiple states.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The rule impacts adjustment service companies licensed with the Division of Banking under s. 218.02, Stats.; payday lenders licensed with the Division of Banking under s. 138.14, Stats.; sales finance companies licensed with the Division of Banking under ch. 218, subch. I, Stats.; and sellers of checks licensed with the Division of Banking under ch. 217, Stats. While these licensees have not been separately contacted by the Division for comments, they will have the opportunity to comment pursuant to the ch. 227 rulemaking process. Anecdotally, the Division notes that many licensees that do business in states that require use of the NMLS have sought to utilize it on a voluntary basis for their required Wisconsin filings, as well.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. N/A</p>	

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14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

No material impact, for the reasons stated in #9 above.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The NMLS is a national database that streamlines licensing, renewal, and other regulatory filings for both licensees and regulators. The system also facilitates cooperation among state regulators, which should reduce red tape and redundant work for both regulators and licensees who do business in multiple states. Given the widespread and growing adoption of the NMLS for licensing these industries, the alternative of not adopting the rule risks leaving Wisconsin an outlier with regard to licensing practices, to the detriment of licensees.

16. Long Range Implications of Implementing the Rule

See response to #15 above.

17. Compare With Approaches Being Used by Federal Government

N/A

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Each of our neighboring states utilizes NMLS for the licensing of financial services providers.

Minnesota and Iowa have expressly authorized NMLS utilization for these license types by statute or rule. See Iowa Code §§ 533D.3.7 (authorizing use of NMLS for delayed deposit service providers, known under Wisconsin law as "payday lenders"); 533C.202.6 (same for money transmitters, known under Wisconsin law as "sellers of checks"); 533A.2.7 (same for debt management companies, known under Wisconsin law as "adjustment service companies"); Minn. Stat. §§ 47.60, subd. 7 (authorizing use of NMLS for payday lenders); 53C.02(f) (same for sales finance companies); 53B.07, subd. 6 (same for money transmitters); 332B.04, subd. 8 (same for debt settlement companies, known under Wisconsin law as "adjustment service companies").

Illinois and Michigan grant their financial regulators broad discretion over licensing applications and processes, see, e.g., 205 Ill. Comp. Stat. § 665/4, and those regulators have also opted to utilize NMLS for comparable license types. See Ill. Dep't of Fin. & Prof. Reg., IDFPR's Financial Institutions Announce Enhanced Participation in NMLS (press release Aug. 11, 2016), at <https://www.idfpr.com/News/2016/08112016IDFPRFinancialInsEnhancedPartNMLS.asp>; Ill. Dep't of Fin. & Prof. Reg., Illinois Debt Settlement Application Checklist (Feb. 1, 2019), at https://mortgage.nationwidelicencingsystem.org/slr/PublishedStateDocuments/IL_Debt_Settlement_Consumer_Protection_License-New_App-Checklist.pdf; Mich. Dep't of Ins. and Fin. Servs., Licensing – Consumer Finance and Mortgage, at https://www.michigan.gov/difs/0,5269,7-303-79189_23034---,00.html (utilizing NMLS for various consumer finance licenses); Mich. Dep't of Ins. and Fin. Servs., Money Transmission Services, at https://www.michigan.gov/difs/0,5269,7-303-79189_43095---,00.html (same for money transmitters).

19. Contact Name

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20. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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