

## 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 October 12, 2022</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) DFI-CCS 1 through 7, and 10</p>	
<p>4. Subject Elimination of rules made obsolete or redundant by 2021 Wisconsin Act 258; various updates to Uniform Commercial Code (UCC) rules</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 <b>(if checked, complete Attachment A)</b></p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0 to minimal amounts for businesses required to file registration and other official documents with the Department's Division of Corporate and Consumer Services (DCCS). The rule increases fees for filing documents in paper where an online option is available, but those fees can be avoided by filing online.</p> <p>With regard to Uniform Commercial Code (UCC) filings, the rule reduces most costs for obtaining copies of UCC filings by replacing the current \$1 or \$2 per-page fees to a flat fee of \$4 for copies of an individual financing statement and associated filings.</p> <p>The rule also establishes a fee schedule for bulk purchases of full sets of the Department's UCC data and images, as well as weekly updates to that data and images. Purchasers of this data are typically national data brokers that aggregate public records, such as LexisNexis. While fees for UCC bulk data and images were not previously established by rule for those time increments, they do not materially deviate from the Department's current fees and practices with regard to the sale of UCC bulk data and images.</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 rule eliminates provisions made obsolete or redundant by their inclusion in the statutes under 2021 Wisconsin Act 258. The rule also adopts various updates to UCC rules based on the Department's current practices and system capabilities and by the most recent model rules of the International Association of Commercial Administrators ("IACA"). The overall effect of the proposed changes is to clarify the administrative rules, which will be generally beneficial in preventing confusion among entities that file business records with the DCCS.</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 Department has consulted with IACA members (which administer the Uniform Commercial Code in their respective states) and taken into consideration their rules, practices, and technology as reflected in the most recent version of that organization's model administrative rules. All business entities will have the opportunity to comment pursuant to the</p>	

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rulemaking process under Wis. Stat. ch. 227.

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13. Identify the Local Governmental Units that Participated in the Development of this EIA.

None

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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 measurable impact, for the reasons stated in # 9, above.

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

Implementing 2021 Wisconsin Act 258 and updating the UCC rules will provide clarity to businesses and the public. These proposed rules implement existing policies favoring clear administrative rules that are consistent with state statutory law without merely being redundant of it. With regard to the UCC revisions, the proposed rules would also serve the harmonization objectives described in Wis. Stat. s. 409.526 (2). The alternative, not adopting the rules, would leave in place rules that have been made redundant or superfluous due to the enactment of Act 258, or are obsolete because they are based on a since-amended version of IACA's model rules for UCC administration, or on system capabilities that have changed in the 20 years since the UCC rules were last updated.

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16. Long Range Implications of Implementing the Rule

Making the administrative rules consistent with 2021 Wisconsin Act 258 will clarify the rules and eliminate provisions that are redundant or obsolete. Over the long term, this will prevent confusion among entities that file business records with the DCCS. The proposed rule changes related to the UCC include updates and the elimination of obsolete provisions to better reflect changes to the capabilities of DCCS's UCC system and the IACA model rules over the last 20 years. Again, over the long term, this will benefit businesses, consumers, and the Department.

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17. Compare With Approaches Being Used by Federal Government

N/A. Filing fees for business registration documents and the adoption and implementation of the Uniform Commercial Code are matters of state law.

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

Every state has adopted the UCC, and versions adopted by Wisconsin, Illinois, Iowa, Michigan, and Minnesota are substantially similar. Each requires the filing office rules to conform closely to Article 9 of the UCC and the rules, practices, and technology used by filing offices in other states and in Michigan - like Wisconsin - the filing office is expressly required to consider IACA's most recent model rules. See Ill. Admin. Code tit. 14, §§180.10 to 180.19; Iowa Admin. Code r. 721-30.1(554) to 721-30.6(554); Mich. Admin. Code R. 440.1101 to 440.9994; Minn. Stat. s. 5.12; Minn. R. 8280.0010 to 8280.0480.

Though calculated differently in some cases, Wisconsin and its neighbors charge comparable fees for UCC searches and bulk copies of data or images. See Ill. Admin. Code tit. 14, §§180.13 and 180.14; Iowa Admin. Code r. 721-30.1(10), (13), and (14); Mich. Admin. Code R. 440.9523 (6) and 440.9525; Minn. Stat. s. 5.24, Minn. R. 8280.0060; Office of the Minnesota Secretary of State, UCC Search Fees, available at <https://mblsportal.sos.state.mn.us/Secured/SearchUCC> (last accessed Oct. 11, 2022); Office of the Minnesota Secretary of State, UCC Data Available for Purchase, available at <https://www.sos.state.mn.us/business-liens/business-liens-data/ucc-data-available-for-purchase> (last accessed Oct. 11, 2022). Iowa imposes a \$10 to \$30 across-the-board surcharge for filing UCC documents in paper format, Iowa Admin. Code r. 721-30.1(10), while Michigan, Minnesota, and Illinois charge the same fees for paper or electronic filing of UCC documents. See Ill. Admin. Code tit. 14, §§180.13 and 180.14; Iowa Admin. Code r. 721-30.1(10), (13), and (14); Mich. Admin. Code R. 440.9523 (6) and 440.9525; Minn. Stat. s. 5.24, Minn. R. 8280.0060; Office of the Minnesota Secretary of State, UCC Fee Schedule, available at <https://www.sos.state.mn.us/business-liens/ucc-tax-cns-forms-fees/uniform-commercial-code-ucc-fee-schedule> (last accessed Oct. 11, 2022).

2021 Wisconsin Act 258 authorized the Department to charge higher fees for business registration documents delivered in paper format. Wisconsin's neighbors do not yet have that statutory authority for those types of filings, and therefore they generally do not impose surcharges for filing business registration documents in paper format.

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19. Contact Name

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20. Contact Phone Number

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**ATTACHMENT A**

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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)

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

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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:

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

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5. Describe the Rule's Enforcement Provisions

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

- Yes    No
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