

## 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 November 24, 2023</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) DFI-CU 51-75</p>	
<p>4. Subject Correcting out-of-date cross-references, repealing obsolete provisions, modifying the structure of existing rules to conform to current drafting practices, and revising the definition of “member business loan” (MBL) to conform to federal law.</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). \$Estimated implementation and compliance costs will be negligible. The most substantive change in the rule would update s. DFI-CU 72.02 to reflect changes to the definition of “member business loan” set forth in the federal Economic Growth, Regulatory Relief, and Consumer Protection Act, which Congress enacted in 2018, and accompanying rules governing credit unions. DFI-CU 72.02's definition of “member business loan” tracked the federal definition prior to those 2018 changes, and this amendment will ensure that the rule language continues to conform to federal law. This revision is definitional, and other proposed revisions are nonsubstantive. The proposed revisions in this rule do not require credit unions or other businesses to assume any new duties, change existing practices, or incur new costs.</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 Title 12, section 1757a (c) of the United States Code and accompanying rules (12 C.F.R. part 723) define the term “member business loan” in a manner that is inconsistent with Wis. Admin. Code s. 77.02. In particular, in 2018 Congress amended 12 U.S.C. s. 1757a to exclude loans secured by 1- to 4- family dwellings from the definition of “member business loan.” (Previously, the law only excluded such loans if the dwellings were owner-occupied). Wis. Admin. Code s. 77.02 has not yet been revised to reflect those recent federal changes. The other policy goals of the rule are to fix erroneous cross-references to state or federal rules or statutes and to modify the structure of existing rules in nonsubstantive ways to be consistent with modern drafting practices of the legislative reference bureau and the form and style requirements of the bureau and the legislative council staff</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's staff has had multiple discussions with the Credit Union Review Board, the Wisconsin Credit Union League, and other industry groups representing businesses with interests in the MBL rule.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. No local governmental units participated in the development of this EIA.</p>	
<p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local</p>	

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Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

As mentioned above, the rule's estimated economic and fiscal impact on businesses, local governments, and the state's economy as a whole is expected to be negligible because the changes contained in the rule do not require credit unions or other businesses to assume any new duties, change existing practices, or incur new costs.

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

The benefits of implementing the rule include making the definition in DFI-CU 72.02 consistent with federal law, updating cross-references and other provisions that have become obsolete, repealing provisions that have become unnecessary, and modifying the structure of existing rules to conform to current Wisconsin drafting practices.

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16. Long Range Implications of Implementing the Rule

The long range implications are to keep Wisconsin's MBL rules consistent where possible with federal MBL rules so as to provide parity between federal- and state-chartered credit unions. This allows Wisconsin's state-chartered credit unions to remain competitive with the products offered by federally-chartered credit unions.

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17. Compare With Approaches Being Used by Federal Government

The National Credit Union Administration (NCUA) regulates federally-chartered credit unions. NCUA's commercial and member business loan (MBL) rule may be found at 12 C.F.R. Part 723. NCUA made revisions to its rule which became effective January 1, 2017. The proposed rule would update Wisconsin's rules to reflect nearly all of the recent revisions NCUA made to its MBL rule.

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

Credit unions chartered under the laws of Illinois, Iowa, Michigan, and Minnesota are federally insured and apply the federal definition of "member business loan" set forth in the Economic Growth, Regulatory Relief, and Consumer Protection Act and accompanying rules. See 12 C.F.R. 723.8(b) (excluding from the definition of "member business loan" any loan that is "fully secured by a lien on a 1- to 4-family dwelling"); 38 Ill. Admin. Code §§ 190.165(b)(2) & 190.165(h)(2) (same).

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19. Contact Name

Thomas Theune, Director, Office of Credit Unions

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20. Contact Phone Number

(608) 572-2370

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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)

N/A

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

N/A

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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

N/A

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5. Describe the Rule's Enforcement Provisions

N/A

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

- Yes     No
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