

Original     Updated  
 Corrected     Supplemental

**1999 Session**

LRB or Bill No. -- Adm. Rule No.  
AB-608 --LRB-0189/3

Amendment No. if Applicable

**FISCAL ESTIMATE**  
DOA-2048 N(R10/94)

**Subject**  
DOMESTIC PARTNERSHIP

**Fiscal Effect**

**State:**  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation  
or affects a sum sufficient appropriation

- Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

Increase Costs - May be possible to Absorb Within  
Agency's Budget  Yes  No

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
     Permissive     Mandatory  
2.  Decrease Costs  
     Permissive     Mandatory

3.  Increase Revenues  
     Permissive     Mandatory  
4.  Decrease Revenues  
     Permissive     Mandatory

5. Types of Local Government Units Affected  
 Towns     Villages     Cities  
 Counties     Others  
 School Districts     WTCS Districts

**Fund Sources Affected:**

GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations:**

20.445(1)(aa) and (t)

**Assumptions Used in Arriving at Fiscal Estimate**

The bill will cause a slight reduction in revenue in the Work Injury Supplemental Benefit Fund (WISBF) in s. 20.445(1)(t) from payments required under ss. 102.47, 102.49(5) and 102.65. The bill will also cause a slight increase in state expenditures under s. 20.445(1)(aa) for special death benefits to domestic partners and dependents of law enforcement officers, firefighters, rescue squad members, correctional officers, national guard members and certain emergency management officials required by s. 102.475.

1. WISBF Revenue. WISBF funds come from several sources, but most come from death benefits and unaccrued permanent disability payments. Each year, there are approximately 100 work-related deaths in Wisconsin, and an additional 200-300 persons who die with varying amounts of unaccrued permanent disability benefits owed to them. Currently, insurers and self-insured employers pay death benefits or unaccrued permanent disability to the spouses and dependents of the deceased. If there are no spouses or dependents, insurers make those payments into the WISBF over a 5-year period. Currently, death benefits equal 4 times the person's average annual earnings up to a maximum in the year 2000 of \$164,700. There is no way to estimate the average unaccrued permanent disability benefit paid into the WISBF.

This bill makes domestic partners and their dependents eligible to receive death benefits and unaccrued permanent disability payments that would otherwise have gone into the WISBF. The Department has no way to estimate the number of domestic partners and their dependents who will become eligible for benefits as a result of the bill. However, it is assumed that it will be a relatively small percentage and that the fiscal impact on the fund will not be significant because the current balance in the WISBF is more than adequate to cover estimated expenditures. (Note: WISBF expenditures under s. 20.445(1)(t) pay supplemental benefits to persons who were permanently and totally disabled prior to 1976 under s. 102.44(1); additional benefits to minor and handicapped children under s. 102.49(1); second injury benefits to injured workers with a significant pre-existing disability under s. 102.59(1); and payments for occupational diseases barred by the Statute of Limitations.)

(Continued on next page...)


**Long-Range Fiscal Implications**

None, other than the information identified above.

Agency/Prepared by:(Name & Phone No.)

DWD / Smith, Dick (267-6704)

Authorized Signature/Telephone No.

 267-9543

Date

12-20-99

#### Assumptions Used in Arriving at Fiscal Estimate (Continued)

In recent years, WISBF revenue (insurers' payments and the earnings from returns on Fund investments) has far exceeded expenditures. When the WISBF balance is more than 3 times the projected expenditures in the upcoming year, the Department may suspend all payments by insurers or self-insurers into the WISBF. In 1994 the Department suspended payments. The WISBF balance was more than \$10 million and the estimated payments were only \$2.1 million. The Department suspended payments from 1994 to 1998 to reduce the balance in the fund. In 1999, payments were re-instated because the balance of the fund on June 30, 1998 was \$7.2 million, slightly less than 3 times the 1999 estimated payments of \$2.5 million. The fund balance on January 1, 2000 is projected to be \$4.5 million or slightly more than 2 times the projected year 2000 expenditures of \$2.1 million. Therefore, insurers will be required to make payments into the fund when there are no eligible spouses or dependents. AB 608 will reduce these payments by some unknown, but relatively small, amount. Each year, there are significant fluctuations in the number of work-related deaths and the number of people dying with unaccrued permanent disability benefits. It is likely that annual fluctuations in deaths, as well as fluctuations in the rate of return from investing the Fund, will have a much greater impact on the year-to-year fund balance than the few additional domestic partners and dependents who may become eligible for benefits under AB 608.

2. Special Death Benefits Expenditures. In addition to regular death benefits paid by insurers or self-insured employers, the State currently pays special death benefits to spouses and other dependents of law enforcement officers, firefighters, rescue squad members, correctional officers, national guard members and certain emergency management officials who die as a result of their work injuries, or who die after becoming permanently and totally disabled from their work injuries. The special death benefit payment equals 75% of the regular death benefit, with a minimum special death benefit of \$50,000. In the year 2000, the maximum special death benefit would be \$123,525, or 75% of the maximum death benefit of \$164,700.

In the last 3 state fiscal years there have been 14 cases in which an average of \$100,030 in special death benefits were paid. In state fiscal year 1997 there were 6 cases totalling \$440,004. In 1998 there were 4 cases totalling \$436,787. In state fiscal year 1999 there were 6 cases totalling \$523,624. The Department has no data on how many additional firefighter/law enforcement deaths did not result in payments because there were no spouses or dependents. If one assumes: 10 total deaths per year (5 with a spouse or dependents and 5 without); and 2-10% of all deaths will result in a payment to a domestic partner; then, every 1 to 5 years there would be one additional special death benefit to a domestic partner averaging approximately \$100,000.

**FISCAL ESTIMATE WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect DOA-2047(R10/94)	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Corrected	<input type="checkbox"/> Updated <input type="checkbox"/> Supplemental	LRB or Bill No./Adm Rule No. AB-608 / LRB-0189/3	Amendment No.
---------------------------------------------------------------	------------------------------------------------------------------------------------	---------------------------------------------------------------------------	-----------------------------------------------------	---------------

Subject  
**DOMESTIC PARTNERSHIP**

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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$0	- \$0
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	\$0	- \$0
Local Assistance	\$0	- \$0
Aids to Individuals or Organizations	\$20,000	- \$0
<b>TOTAL State Costs by Category</b>	<b>\$20,000</b>	<b>- \$0</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$20,000	- \$0
FED	\$0	- \$0
PRO/PRS	\$0	- \$0
SEG/SEG-S	\$0	- \$0
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$0	- \$0
GPR Earned	\$0	- \$0
FED	\$0	- \$0
PRO/PRS	\$0	- \$0
SEG/SEG-S	\$0	- \$0
<b>TOTAL State Revenues:</b>	<b>\$0</b>	<b>- \$0</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
Net Change in Costs:	\$20,000	\$0
Net Change in Revenues:	\$0	\$0

Agency/Prepared by:(Name & Phone No.) DWD / Smith, Dick (267-6704)	Authorized Signature/Telephone No. 267-9543	Date 12-20-99
-----------------------------------------------------------------------	------------------------------------------------	------------------