

FISCAL ESTIMATE
DOA-2048 N

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

Subject

This bill creates an emergency and disaster assistance fund in the Department of Emergency Government to assist local units of government.

Fiscal Effect

State: No State Fiscal Effect

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

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

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

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 Governmental 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

s. 20.145 (1)(g)

Assumptions Used in Arriving at Fiscal Estimate

The proposal creates a disaster assistance fund for individuals and local units of government, to provide assistance if federal disaster funds are not available. Revenue for the fund is generated by annual fees on residential and commercial property insurance policies, on a per policy basis. Under the proposed legislation, OCI would be responsible for verifying that the policy count on which the assessment was based is accurate.

The current insurance taxation system is based on either premiums collected or income earned by the company, depending on whether the company is domestic or non-domestic. OCI does not collect policy counts for insurance products. At this time, OCI estimates that 560 companies would be subject to the assessment. Of those, 150 are domestics and the remainder are non-domestics. OCI would verify the policy counts of domestic companies during regular examinations, however, the non-domestics would require a separate examination.

In order to complete an examination of each non-domestic company every 4 years, OCI estimates two additional Insurance Examiners would be needed, plus significant travel expenses for the examiners. Costs for examinations of non-domestic insurers are billed directly to the companies.

This legislation will have an undetermined impact on company tax payments. Most states, including Wisconsin, have laws that make domestic insurers subject to the same taxes in one state as the state imposes on its non-domestics. These are known as reciprocal and retaliatory tax laws. Although this bill specifically indicates that this assessment is not considered premium, which is the basis for determining taxes, Wisconsin law defines premium as any fee needed to obtain coverage. States apply their own definitions of premium when calculating taxes and OCI expects that other states would determine that this fee is premium revenue and subject to state taxes.

Long-Range Fiscal Implications

OCI anticipates changes in state tax revenues based on reciprocal and retaliatory taxes as described above.

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Date

09/09/1999

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule. No.
LRB1320/3 SB 230

Amendment No.

Subject
This bill creates a emergency and disaster assistance fund in the Department of Emergency Government to assist local units of government.

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
\$22,100 - One time costs for standard office setup plus laptop computer and software

II. Annualized Costs		Annualized Fiscal Impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations – Salaries and Fringes		\$ 79,800	\$ -
(FTE Position Changes)		(2.0 FTE)	(- FTE)
State Operations – Other Costs		36,900	-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 116,700	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS		116,700	-
SEG/SEG-S			-
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		\$ Unknown	\$ -
GPR Earned			-
FED			-
PRO/PRS		116,700	-
SEG/SEG-S			-
TOTAL State Revenues		\$ 116,700	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 116,700	\$ _____
NET CHANGE IN REVENUE	\$ 116,700	\$ _____

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