Legislative Fiscal Bureau
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No analysis prepared AH 2

May 2, 2001 | Joint Committee on Finance | Paper #791

Examination Fee Vendor Payment Reestimate (R&L)

[LFB 2001-03 Budget Summary: Page 580, #3]

CURRENT LAW

The Department of Regulation and Licensing (R&L) is responsible for ensuring that applicants for professional licensure pass any examination required by statute before obtaining a credential from the agency. The Department is authorized to charge a fee for administering the examination as long as the charges do not exceed the agency's best estimate of the costs of preparing, administering and grading the examination or obtaining and administering an approved examination from a testing service.

A credential applicant will take either an R&L administered exam or an exam given by a vendor who has been contracted by R&L to administer the exam. In the case of exams developed and administered by R&L, the applicant pays the required examination fee to the Department and 10% of the amounts paid are transferred to the general fund and the remaining 90% of the amounts paid are credited to the agency's examinations general program operations account. For examinations provided by outside test service, the applicant pays a fee comprised of the vendor fee established by contract and an add-on, if required, for R&L's examination administration and development costs. Examination fee payments to outside vendors are also subject to the requirement that 10% of the amounts paid be transferred to the general fund and 90% of the amounts paid be credited to the agency's examinations general program operations account. Base level expenditure authority in the agency's examinations general program operations appropriation for outside vendor examination fee payments is $1,681,900 PR annually.

GOVERNOR

Clarify that if the Department prepares, administers, or grades an examination, the fee paid to R&L would be based on the agency's best estimate of the actual costs of those activities.

Specify that if the Department approves an examination that is prepared, administered and graded by a test service provider, the agency would charge a fee equal to its best estimate of the actual costs of approving the examination, including the selection, evaluation and review of the examination.

Delete $600,000 PR annually of expenditure authority for examination fee payments for tests prepared and administered by outside test services. Under the Governor's recommendation, $800,000 PR annually budgeted for actual vendor examination fee payments would actually be deleted. However, an offsetting add-back of $200,000 PR annually would also be placed in unalloted reserve, resulting in the proposed net reduction of $600,000 PR annually. The amounts placed in unallotted reserve would be available for release to R&L by DOA in the event that additional expenditure authority would be required for outside test service examination fee payments in either fiscal year of the next biennium.

DISCUSSION POINTS

1. Provisions of 1999 Wisconsin Act 9 newly imposed the requirement that 10% of the revenues collected by R&L for professional licensure examination fees be credited to the general fund. Act 9 also provided $1,681,900 PR annually of increased expenditure authority to the Department to reflect the fact that testing service fee payments previously paid directly to vendors would instead be treated as fees to be collected by R&L, credited to the examinations general program operations account and then remitted to the vendor. At the time Act 9 was enacted, the $1,681,900 PR annual adjustment in the agency's expenditure authority for vendor payments appeared to be the best available estimate of the amounts that would actually be expended for this purpose.

2. As the Department gained experience implementing the vendor fee collection provisions of Act 9, the following accounting procedures were developed for the examination fee revenues:

- Where the Department develops and administers the examination, the required fees are collected by the agency and are all subject to the 10%/90% funding split.

- Where the Department contracts with others to prepare, administer or grade and exam and the Department also has substantial input in developing the scope and content of the examination, the required fees will be collected by the agency. The vendor's examination fee is subject to the 10%/90% funding split and the agency's separately calculated contract administration, exam development and exam administration costs are also subject to the 10%/90% funding split.

- Where a national examination is prepared, administered and graded independently of the Department and the vendor is not an agent of the Department or under contract with it, the required examination fees are remitted by the applicant directly to the test service and do not flow through the state treasury. The Department has minimal involvement with the development or offering of these types of examinations. However, to the extent that the Department approves the

examination to ensure that it meets professional standards or incurs costs in selecting or reviewing the national examination, it does charge a fee to cover those costs. All applicants who apply for a Wisconsin license must pay this administrative fee amount to the Department. These fee payments are subject to the 10%/90% funding split.

3. The Governor's proposed statutory modifications have the effect of modifying current law to reflect the accounting procedures described above.

4. The Department has now had a full calendar year of examination fee vendor payment experience under the new Act 9 changes. Total vendor fee payments during calendar year 2000 amounted to $697,900 PR. The principal reason that these fee payments are significantly below the additional expenditure authority of $1,681,900 PR annually provided under Act 9 appears to be due to the fact that fees for a number of large national examinations approved by the Department (such as for architects, dentists, dietitians, physicians and registered nurses) are not collected by the Department and credited to any state account.

5. The Department's current biennial examination fee study, used to develop contract administration, exam development and exam administration charges, projects test service fee collections of $814,300 PR annually during the 2001-03 biennium. This figure is based on the Department's projection of the number of applicants that will be taking an exam through an outside vendor times the examination fee expected to be charged by the testing service. A more recent reestimate by the Department now projects such examination fee collections at $818,700 PR annually.

6. The Governor has recommended that base level vendor fee expenditure authority of $1,681,900 PR annually be reduced to $881,900 PR annually. Based on the agency's first year experience with vendor fee payments ($697,900 PR), and given the agency's most recent vendor fee payment projections for each year of the next biennium ($818,700 PR), the $881,900 PR annually proposed by the Governor for examination fee vendor payments appears reasonable.

7. The additional $200,000 PR annually that the Governor has recommended be placed in unallotted reserve does not appear to be required, and the Committee could choose to delete these amounts.

8. Finally, the examination general program operations account is a PR continuing appropriation. Under current law, the agency has the authority to expend 90% of all monies received in this appropriation as well as any available balances in the appropriation account. Consequently, even if examination fee vendor payments actually exceeded budget estimates, the additional expenditures could still be incurred, whether or not funding is also budgeted in unallotted reserve.

ALTERNATIVES

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation by deleting an additional $200,000 PR annually budgeted in unallotted reserve for examination fee vendor payments.

Alternative 2	PR
2001-03 FUNDING (Change to Bill)	- $400,000

3. Maintain current law.

Alternative 3	PR
2001-03 FUNDING (Change to Bill)	$1,200,000

Prepared by: Darin Renner

MO# Alt 2

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
1 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 16 NO 0 ABS 0

Alt 2

AGENCY: Regulation and Licensing

LFB PAPER #: 792

ISSUE: Revised Agency Credential Fees

ALTERNATIVE: A1; B2; C1

SUMMARY:

Alternative A1 is a technical change. DR&L had requested a change in the initial credential fee to $56 in it's original proposal. The governor scaled this back to $53. That recalculation was not included in the final draft of the budget. A1 fixes this recalculation.

Alternative B2 directs LAB to conduct an evaluation of the methodologies used by DR&L in determining credential fees. The governor had proposed hiring an outside consultant to the tune of $30,000 to do this. LAB can just as easily do it.

Currently, DR&L credential fees are set by statute. Alternative C1 would change this and require that the fees be set by administrative rule. OCI and DFI have the same type of request for their fee schedules. This still allows legislative oversight while ensuring that necessary fee changes could be in place by September 1st of odd-numbered years when current statutory fee changes normally become effective.

BY: Cindy

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May 2, 2001 | Joint Committee on Finance | Paper #792

Revised Agency Credential Fees (R&L)

[LFB 2001-03 Budget Summary: Pages 583 and 585, #7 and #8]

CURRENT LAW

The Department of Regulation and Licensing (R&L) is required by s. 440.03(9) of the statutes to include with each biennial budget request the results of its analysis of the administrative and enforcement costs that are attributable to the regulation of each occupation. Based on this review, R&L must recommend adjustments to the initial and renewal credential fees, when required, to reflect the proper apportionment of the agency's costs to each occupation. Biennially, as part of the Legislature's consideration of the agency's budget, any proposed fee adjustments are incorporated into the statutory schedule of initial and renewal fees.

Initial Credential Fees. For initial credentials, the license fee represents the shared, budgeted administrative costs attributable to new licensees. These administrative cost items include such activities as processing applications and determining eligibility for licensure. These total costs are then divided by the projected number of new licensees over the biennium in order to determine the amount of the fee. For the 1999-01 biennium, the initial license fee is set by statute at $44.

Credential Renewal Fees. For credential renewals, an occupation's total renewal fee consists of two cost components: a fixed portion and a variable portion. The fixed portion represents the shared, budgeted administrative costs that are charged equally to all regulated occupations. These common shared-cost items are divided by the estimated number of renewing license holders over the biennium in order to determine the fixed cost component of the fee.. For the 1999-01 biennium, the fixed cost renewal fee component is $44. The variable portion of the renewal fee consists of each licensed profession's share of direct enforcement costs attributed to it during the most recent prior fiscal year divided by the total number of licensees in the profession. For the 1999-01 biennium, the variable cost portion of the renewal fee adds from $0 to $299 to the cost of a license, depending on the enforcement experience of the occupation. The fixed renewal

costs and the apportioned variable costs for each occupation are then added to arrive at the fee amount to be included in a statutory schedule of renewal fees.

Evaluation of Current Methodologies Used to Set Initial and Renewal Credential Fees. No base level funding is currently budgeted for the evaluation of the Department's fee-setting procedures.

GOVERNOR

Adjust the initial and renewal license fee schedule for the various regulated occupations credentials, effective the later of September 1, 2001, or the first day of the second month after publication of the biennial budget act, as follows:

Initial Credential Fee. Increase the statutory amount of the initial credential fee from $44 to $56.

Credential Renewal Fees. Increase the fixed component of the biennial credential renewal fee from $44 to $53. Add a variable cost component, ranging from $0 to $299 per credential, based on the enforcement costs attributable to each occupation during the most recent prior fiscal year.

Evaluation of Current Methodologies Used to Set Initial and Renewal Credential Fees. Provide one-time funding of $30,000 PR in 2001-02 to retain a consultant to study the current methodologies used by R&L to set initial and renewal credential fees each biennium.

The proposed fee amounts recommended by the Governor compared to current law fee amounts are summarized in the attachment to this paper.

DISCUSSION POINTS

Initial Credential Fee

1. The $56 initial credential fee currently contained in the budget bill does not reflect the impact of the Governor's recommended changes to R&L's biennial budget request. The agency originally calculated an initial credential fee of $56, based on the funding levels in its biennial budget request. DOA subsequently directed R&L to revise its fee study in light of the Governor's funding recommendations. The recalculated fee for the initial credential was determined to be $53.

2. The Department's revised initial credential fee calculations have already incorporated the impact of the reduced fee on total fee revenues during the course of the biennium (a reduction of $116,500 PR-REV); however, through an apparent oversight, the adjusted initial credential fee amount of $53 was not included in the final draft of the biennial budget bill, as submitted by the Governor.

3. The Committee should correct the initial credential fee amount to reflect the Department's revised $53 calculation, based on the Governor's recommended funding levels. Since the Department's initial credential fee revenue projections had previously been adjusted to reflect the $53 fee, there is no adverse impact on the agency's projected revenue collections as a result of such a correction.

Proposal to Evaluate the Current Methodologies Used to Set Initial and Renewal Credential Fees

4. One-time funding of $30,000 PR in 2001-02 is provided to the Department for the purpose of retaining a consultant to study the methodologies used by the agency to set initial and renewal credential fees each biennium. The Executive Budget Book states that the purpose of the consultant review is to ensure that the fee-setting methodology is documented and straightforward in its administration, represents the actual costs associated with the regulation of licensed professions and provides adequate revenues to support R&L's operations.

5. Currently, there is no estimate either of the actual number of hours that would be required for a consultant to undertake such a review or the projected hourly costs of the consultant.

6. R&L's current fee-setting methodology was the originally the result of a major review of credential fees directed by the Legislature as part of the 1983-85 biennial budget. The basic provisions of the current fee-setting procedure were developed by that study and were subsequently implemented as part of the 1985-87 biennial budget.

7. Since the implementation of the current R&L fee-setting methodology, these procedures have been the subject of at least two program evaluation audits in 1990 and in 1992 conducted by the Legislative Audit Bureau (LAB). Both of these audits contained extensive reviews of the Department's methodologies used in setting both credential and examination fees and made a number of specific recommendations concerning how the agency could better allocate the costs of regulation of the various licensed professions.

8. The LAB has a demonstrated familiarity and understanding of R&L's credential fees and the manner by which the agency allocates costs to establish those fees. Discussions with the LAB indicate that an additional evaluation of this type could be accommodated within the agency's current audit workload. Accordingly, as an alternative to the Governor's recommendation, the Committee could request that the Joint Legislative Audit Committee direct the LAB to conduct an evaluation of the methodologies used by R&L to ensure that they are documented and straightforward in administration, represent the actual costs associated with the regulation of licensed professions and provide adequate revenues to support the Department's operations. The Committee could request that the study be completed by June 30, 2002, so that R&L could implement any procedural changes recommended by the audit as part of its 2003-05 fee study.

9. Under this alternative, the Committee could delete the $30,000 PR in 2001-02 proposed for a consultant's study of R&L's fee-setting methodologies.

10. The principal arguments for retaining the $30,000 PR in 2001-02 would appear to be that: (a) the consultant could be hired on a basis that is convenient for the agency; and (b) the consultant could be hired in a timely fashion and would be focused solely on the evaluation of fee methodologies, thereby ensuring that the review of agency fee-setting procedures would be completed well before the Department's next biennial fee study. By contrast, the LAB's audit timetable could be affected by the other audit commitments of that agency. If the Committee believes that these considerations have merit, it could adopt the Governor's recommendation and provide $30,000 PR in 2001-02 to R&L for the consultant study of current fee-setting methodologies.

Setting Credential Fees by Administrative Rule

14. Currently, after R&L completes its biennial fee study required by s. 440.03(9) of the statutes, adjustments to the initial credential fee or to any of the renewal credential fees require that the existing statutory fee schedule be amended to accomplish the necessary revisions.

15. When R&L undertook its major review during the 1983-85 biennium of how credential fees should be established, it developed the basic cost allocation methodologies that are currently in use. The agency subsequently proposed to implement a variable renewal fee structure as part of the 1985-87 biennial budget that would reflect the fact that there were different costs associated with regulating different professions.

16. The Department originally proposed that the establishment of the credential renewal fees and all future changes to them be accomplished by administrative rule. At the time the agency made this proposal, 1985 Wisconsin Act 182 had not been enacted. That legislation established the current procedures governing the Legislature's role in reviewing and approving executive branch agency administrative rules. Furthermore, all R&L fees had previously been established by statute. Consequently, the Legislature denied R&L's proposal to set credential fees by administrative rule and instead required any changes to be accomplished through amendment to a statutory schedule of fees.

17. The Committee could again consider the feasibility of authorizing R&L to set biennial initial and credential renewal fees by administrative rule. Current administrative rule review procedures already in place ensure that the Legislature would have oversight and review of any proposed credential fee changes. Additionally, under the administrative rules process the Department could generally be assured that the necessary fee changes could be in place each biennium by September 1, of odd-numbered years when the current statutory fee changes normally become effective.

18. It may be noted that as part of the proposed 2001-03 biennial budget, the Office of the Commissioner of Insurance (OCI) and the Department of Financial Institutions (DFI) are both requesting that current statutory fee provisions be modified so that future fee changes can be accomplished instead by administrative rules.

19. The OCI proposal would authorize the Commissioner to establish, by rule, fees paid to OCI that are currently set by statute. These fees include licensing fees, filing fees, listing fees, fees assessed for the preparation and furnishing of specified documents and fees assessed for certified copies of OCI documents. The DFI proposal would eliminate the current statutory fees for certain services provided by the Department and would specify that the fees could be established by rule.

20. If the Committee believes that R&L should be authorized to establish biennial changes to initial and credential renewal fees by rule, it could sunset the current statutory fees for these credentials on September 1, 2003, and provide that initial and renewal credential fees would be established by administrative rule thereafter. The Department could also be directed to incorporate any recommendations changes from the study conducted by the consultant or the LAB in the administrative rules that would first be effective on September 1, 2003.

21. Alternatively, if the Committee believes that credential fees for regulated professions should continue to be revised each biennium by amending the statutory schedule of fees, it could maintain current law.

ALTERNATIVES

A. Initial Credential Fees

1. Include a technical modification to set the statutory initial credential fee at the corrected $53, based on the Governor's recommended funding levels, rather than the $56 contained in the bill.

B. Proposal to Evaluate the Current Methodologies Used to Set Initial and Renewal Credential Fees.

1. Approve the Governor's recommendation to provide one-time funding of $30,000 PR in 2001-02 to permit the Department to retain a consultant to study the methodologies used to set initial and renewal credential fees to ensure that the procedures are documented and straightforward in their administration, represent the actual costs associated with the regulation of licensed professions and provide adequate revenues to support R&L's operations.

2. Modify the Governor's recommendation by deleting $30,000 PR in 2001-02 for the consultant study and the methodologies used by the Department to set initial and renewal credential fees each biennium. Request that the Joint Legislative Audit Committee direct the LAB to

conduct an evaluation of the methodologies used by R&L to ensure that they are documented and straightforward in administration, represent the actual costs associated with the regulation of licensed professions and provide adequate revenues to support the Department's operations and report its findings by June 30, 2002.

Alternative B2	PR
2001-03 FUNDING (Change to Bill)	- $30,000

C. Setting Credential Fees by Administrative Rule

1. Sunset the current statutory fees for initial credentials and renewal credentials on September 1, 2003, and provide that initial and renewal credential fees would be established by administrative rule thereafter. Direct the Department to incorporate any recommendations changes from the study conducted by the consultant or the LAB in the administrative rules that would first be effective on September 1, 2003.

2. Maintain current law.

Prepared by: Darin Renner

MO# A-1, B-2, C-2

2 BURKE	Y	N	A
1 DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
2 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 16 NO 0 ABS ____

ATTACHMENT 1

Current and Proposed Professional License Renewal Fees

Credential Type	Renewal Fee Current	Proposed	Change
Accountant, Certified Public	$52	$59	$7
Accountant, Public	44	53	9
Accounting Corporation or Partnership	47	56	9
Acupuncturist	78	70	-8
Aesthetician	58	87	29
Aesthetics Establishment	47	70	23
Aesthetics Instructor	47	70	23
Aesthetics School	115	115	0
Aesthetics Specialty School	44	53	9
Appraiser, Certified General Real Estate	108	162	54
Appraiser, Certified Residential Real Estate	114	167	53
Appraiser, Licensed Real Estate	134	185	51
Architect	49	60	11
Architectural/Engineering Corporation	47	70	23
Art Therapist, Registered	44	53	9
Athletic Trainer	44	53	9
Auction Company	47	56	9
Auctioneer	135	174	39
Audiologist	100	106	6
Barber or Cosmetologist	55	63	8
Barbering or Cosmetology Establishment	47	56	9
Barbering or Cosmetology Instructor	91	91	0
Barbering or Cosmetology Manager	68	71	3
Barbering or Cosmetology School	138	138	0
Cemetery Authority	343	343	0
Cemetery Preneed Seller	61	61	0
Cemetery Salesperson	90	90	0
Chiropractor	139	168	29
Counselor, Professional	63	76	13
Dance Therapist, Registered	44	53	9
Dental Hygienist	48	57	9
Dentist	105	131	26
Designer of Engineering Systems	52	58	6
Dietitian	47	56	9
Drug Distributor	47	70	23
Drug Manufacturer	47	70	23
Electrologist	65	76	11
Electrology Establishment	47	56	9
Electrology Instructor	86	86	0
Electrology School	71	71	0
Electrology Specialty School	44	53	9
Engineer, Professional	49	58	9
Fund-Raiser, Professional	91	93	2
Fund-Raising Counsel	44	53	9
Funeral Director	140	135	-5
Funeral Establishment	47	56	9
Geologist, Professional	48	59	11
Geology Firm/Corporation	44	53	9
Hearing Instrument Specialist	100	106	6

Credential Type	Renewal Fee Current	Proposed	Change
Home Inspector	$44	$53	$9
Hydrologist, Professional	44	53	9
Hydrology Firm/Corporation	44	53	9
Interior Designer	47	56	9
Landscape Architect	51	56	5
Land Surveyor	75	77	2
Manicuring Establishment	44	53	9
Manicuring Instructor	44	53	9
Manicuring School	118	118	0
Manicuring Specialty School	44	53	9
Manicurist	131	133	2
Marriage and Family Therapist	82	84	2
Massage Therapist or Body Worker	44	53	9
Music Therapist	44	53	9
Nurse, Advanced Practice Prescriber	69	73	4
Nurse, Licensed Practical	54	69	15
Nurse, Registered	52	66	14
Nurse-Midwife	47	70	23
Nursing Home Administrator	111	120	9
Occupational Therapist	49	59	10
Occupational Therapy Assistant	48	62	14
Optometrist	61	65	4
Pharmacist	73	97	24
Pharmacy	47	56	9
Physical Therapist	51	62	11
Physician	122	106	-16
Physician Assistant	59	72	13
Podiatrist	140	150	10
Private Detective	89	101	12
Private Detective Agency*	47	56	9
Private Security Person	49	53	4
Psychologist	105	157	52
Real Estate Broker	109	128	19
Real Estate Business	57	56	-1
Real Estate Salesperson	79	83	4
Respiratory Care Practitioner	50	65	15
School Psychologist, Private Practice	69	103	34
Social Worker	54	63	9
Social Worker, Advanced Practice	53	70	17
Social Worker, Independent	55	58	3
Social Worker, Independent Clinical	69	73	4
Soil Scientist	44	53	9
Soil Science Firm	44	53	9
Speech-Language Pathologist	53	63	10
Time-Share Salesperson	103	119	16
Veterinarian	95	105	10
Veterinary Technician	48	58	10

AGENCY: Regulation and Licensing

LFB PAPER #: 793

ISSUE: GPR-Earned Credited from Criminal Background Check Fees

ALTERNATIVE: 1

SUMMARY:

Requires DR&L to return 10% of fees collected for criminal background checks to the general fund. This will brings DR&L criminal background check fee more in line with how all agency fee revenues are treated.

Gives a very small ($29,800) boost to a very strapped general fund.

BY: Cindy

Alt 1

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May 2, 2001 | Joint Committee on Finance | Paper #793

GPR-Earned Credited from Criminal Background Check Fees (R&L)

CURRENT LAW

The Department of Regulation and Licensing (R&L) is required to conduct criminal records checks for applicants for licensure as private detectives and as security guards. R&L may also review the criminal record of any other individual who seeks professional licensure by the Department, an examining board or an affiliated credentialing board, when such an investigation appears warranted. Under s. 440.03(13) of the statutes, R&L must establish fees to cover the costs and other expenses of conducting these criminal background investigations. The fees collected to cover criminal background check expenses are credited to a separate PR continuing appropriation for applicant investigation reimbursements. The base level expenditure estimate for this appropriation is $180,100 PR annually.

GOVERNOR

Continue base level funding of $180,100 PR annually in the applicant investigation reimbursement appropriation.

DISCUSSION POINTS

1. Currently, whenever an applicant for professional licensure is subject to a criminal records check, R&L collects a $5 fee to cover the costs of determining whether the individual is listed in the criminal conviction record database maintained by the Department of Justice. The Department also collects a $24 fee to cover the costs of a fingerprint search by the Federal Bureau of Investigation.

2. The following amounts have been collected from these various fees since the 1997-98 fiscal year:

1997-98	$103,100
1998-99	133,800
1999-00	110,000
2000-01 (est.)	126,000

3. Currently, 90% of all credential fees and 90% of those examination fee charges relating to the agency's costs of preparing, grading and administering an examination are credited respectively to the Department's professional regulation general program operations appropriation and to its examinations general program operations appropriation. The remaining 10% is credited to the general fund as GPR-Earned.

4. In addition to R&L, such agencies as OCI and the PSC are also subject to this 10% transfer requirement. The rationale for applying a 10% transfer requirement is to reimburse the general fund for the indirect costs of state services that are provided to these agencies.

5. Provisions of 1999 Wisconsin Act 9 newly established the requirement that 10% of most examination fee revenues collected by R&L be deposited to the general fund. Examinations serve the function of screening which applicants for professional licensure are suitable for being issued a credential by the Department. While criminal background check activities do not test one's professional skill or knowledge they do serve an analogous screening function for the issuance of a professional license. Consequently, an argument could be advanced that criminal background check fees should also be made subject to the 10% transfer requirement. More importantly, subjecting the criminal records check fees to this transfer requirement would result in a more uniform treatment of all agency fee revenues.

6. Under this alternative, the amounts appropriated under the applicant investigation reimbursement appropriation would represent 90% of the amounts received in fee revenues and the remaining 10% would be credited to the general fund. Base level expenditures under this appropriation could also be reestimated to delete $46,300 PR annually to reflect the maximum level of revenues credited to the account in recent fiscal years ($133,800). Annual GPR-Earned collections of $14,900 annually would be projected under this alternative.

7. Making this appropriation subject to the 10% transfer requirement would likely have the effect of increasing the fixed costs associated with the current criminal records search fees by $3 to $4 per applicant subject to these screenings. Most (but not all) of the licensed individuals subject to these additional charges would be security guards. If the Committee believes that the fee should not increase, it could maintain current law. The expenditure estimate for the appropriation could still be reestimated to $133,800 PR annually, however.

ALTERNATIVES

1. Decrease estimated expenditures under R&L's applicant investigation reimbursement appropriation by $46,300 PR annually, require that 10% of the total revenues received under the appropriation be deposited to the general fund, and estimate GPR-Earned receipts of $14,900 annually.

Alternative 1	GPR-Earned	PR
2001-03 REVENUE (Change to Bill)	$29,800	$0
2001-03 FUNDING (Change to Bill)	$0	- $92,600

2. Decrease estimated expenditures under R&L's applicant investigation reimbursement appropriation by $46,300 PR annually.

Alternative 2	PR
2001-03 FUNDING (Change to Bill)	- $92,600

3. Maintain current law.

Prepared by: Darin Renner

MO# Alt 1

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
1 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 16 NO 0 ABS ____

No analysis prepared.
Just a modification.

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May 2, 2001 | Joint Committee on Finance | Paper #794

Technical Change -- GPR-Earned Reestimate (R&L)

CURRENT LAW

The Department of Regulation and Licensing (R&L) credits 10% of the revenues derived from professional credential fees and from examination fees to the general fund as GPR-Earned. The agency's GPR-Earned collections are somewhat cyclical during the biennium, based on the renewal dates of the various professional licenses. GPR-Earned collections were $1,181,500 in 1999-00 and are projected at $884,900 for 2000-01.

GOVERNOR

Include GPR-Earned estimates for R&L of $1,100,000 in 2001-02 and $900,000 in 2002-03.

MODIFICATION

Increase projected GPR-Earned collections for the Department by $371,500 in 2001-02 and $367,700 in 2002-03.

Explanation: A review of likely credential fee revenues based on the fee levels established under the biennial budget bill has found that the GPR-Earned estimates for R&L contained in the bill are understated. Similarly, the estimates in the bill do not reflect the full extent of examination fee collections that will be credited to the general fund.

It is estimated that credential fee revenues credited to the general fund as GPR-Earned will now amount to $1,300,100 in 2001-02 and $1,096,300 in 2002-03. Examination fee revenues credited to the general fund as GPR-Earned are now estimated at $171,400 annually. Based on these adjustments, total GPR-Earned collections for R&L are now projected at $1,471,500 in 2001-02 and $1,267,700 in 2002-03.

Modification	GPR-Earned
2001-03 REVENUE (Change to Bill)	$739,200

Prepared by: Darin Renner

MO# modification

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 16 NO 0 ABS 0

Representative Duff

REGULATION AND LICENSING

Inclusion of an Institutional Pharmacist on the Pharmacy Examining Board

Motion:

Move to require that at least one of the five licensed pharmacist members of the Pharmacy Examining Board be employed as an institutional pharmacist in this state.

Note:

The Pharmacy Examining Board is attached to the Department of Regulation and Licensing and consists of five members who are licensed to practice pharmacy in this state and two public members. Under the motion, one of the five pharmacist members serving on the Board would have to be an institutional pharmacist. The Wisconsin Administrative Code defines an institutional pharmacy as a practice in a licensed pharmacy that provides pharmaceutical services primarily on an inpatient basis (such as in a hospital, nursing home or correctional setting).

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 13 NO 3 ABS ____

Motion #101

Senator Shibilski

REGULATION AND LICENSING

Disclosure by Owners of Residential Real Estate That
the Property Is in a Drainage District

Motion:

Move to enumerate in the listing of items that the owner of certain types of residential property must disclose on a real estate condition report given to a potential buyer a statement whether the owner is or is not aware that the subject property is located in a drainage district.

Note:

Under current law, owners of condominium units, time-share properties and residential properties containing one to four dwelling units must provide the prospective buyer with a real estate disclosure form that lists whether or not the owner is aware of a variety of different kinds of conditions or defects affecting the property. After receiving the disclosure form, the potential buyer has two business days in which to rescind a contract of sale. If no disclosure form is received by the potential buyer within 10 days of the acceptance of a contract of sale, the potential buyer also has two business days in which to rescind the contract of sale.

This motion would require the owner of the property to indicate whether he or she is aware or not that the property lies within a drainage district established under Chapter 88 of the statutes. Properties in drainage districts are subject to taxation by the district for the costs of constructing and maintaining the district's drainage systems.

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 8 NO 8 ABS 0

Senator Shibilski

REGULATION AND LICENSING

Conveyance of Cemetery Plots

Motion:

Move to: (1) require cemetery authorities to allow the owner of a cemetery plot to transfer the right to be buried in that plot to his or her spouse, son, daughter, sister, brother or parent with the written consent of the owner; (2) eliminate the need for consent from all interested parties for the transfer of a cemetery lot when the transfer is to his or her spouse, son, daughter, sister, brother or parent; and (3) prohibit religious societies organized under Chapter 187 from barring the burial of human remains, if the person who purchased or otherwise obtained the right to be buried at the cemetery transfers that authority to his or her spouse, son, daughter, sister, brother or parent. Specify that these provisions would not apply to veterans cemeteries.

Note:

Under current law, no one may be buried in a cemetery lot except for a person who has purchased the lot or has previously been given permission for burial by a cemetery authority or religious society. A person may transfer ownership of a cemetery plot if it is acceptable to all parties with an interest in the lot, including the cemetery authority or religious societies. Currently, religious societies may adopt regulations that prohibit the burial of the human remains of an individual in the cemetery if the individual was in a class of individuals prohibited under regulations adopted by the cemetery authority or religious society from being buried in the cemetery.

This motion would allow the person holding the rights of burial to a cemetery plot to transfer that right to a member of his or her immediate family [spouse, child, sister, brother or parent]. The person owning the rights to that plot would not need to have the permission of the cemetery authority or religious society to make such a transfer.

MO#_____

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
1 SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 15 NO 1 ABS ____

Bill agency - no action required to include these items.

REGULATION AND LICENSING

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
2(a)	Information Technology Initiatives
4	Division of Enforcement Staffing Increases
5	Increased Staffing for Newly-Regulated Occupations
9	Notice of Credential Renewal by Electronic Transmission

LFB Summary Items for Introduction as Separate Legislation

Item #	Title
6	Licensure of Private Security Agencies and Issuances of Private Security Permits
10	Elimination of Certificates in Good Standing Requirement for Restoration of Funeral Director's Licenses

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE _____ NO _____ ABS _____

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May 2, 2001 | Joint Committee on Finance | Paper #780

Electronic Filing of Documents (PSC -- Agencywide)

[LFB 2001-03 Budget Summary: Page 570, #2]

CURRENT LAW

Base level supplies and services funding of $1,597,200 PR annually is budgeted under the PSC's general program operations appropriation of which $433,600 PR annually is for information technology resources.

GOVERNOR

Provide $125,000 PR annually for the implementation of an electronic document management system designed to reduce the time necessary for agency staff to receive, circulate and publish documents related to Commission cases. Of these amounts, $100,000 PR annually would be one-time funding to support the final two years of a three-year master lease for the purchase of the necessary software. The remaining $25,000 PR annually would be base-building funding to support on-going software maintenance expenses.

DISCUSSION POINTS

1. The proposed one-time funding would enable the PSC to purchase the necessary software and 100 user licenses for an electronic document management system. The software would be used by all employees at the Commission to store, route and process case materials and then make them available on the agency's website.

2. The agency has identified the following improved document management capabilities that it believes will result from the installation of the new system:

- *Service Improvements.* The new system would decrease the time required by agency staff to manage the flow of written materials relating to pending cases. Economies would be

realized by reducing expenditures related to filing, data entry, mailing, copying and circulating documents that would instead be available electronically.

- *Improved Staff Access to Files.* Docketed materials would be available electronically and stored such that staff could search for particular information based on key words or subject matter.

- *Improved Document Tracking and Management.* The new system would be capable of providing action reminders and due date notifications, monitoring the check-in and check out of case materials by staff and providing for the routing of documents.

- *Improved Public Information Access.* The new system would automatically post most materials to the agency's website where interested parties could review the case materials and track the Commission's action on a particular case.

3. The Commission has already selected a provider of the document management software and related licenses. The total costs for the required products and services have been identified at $273,500. This cost figure was used by the Commission to develop its projected master lease funding needs of $100,000 PR annually, over a three-year period.

4. The PSC has chosen to proceed with the implementation of the proposed electronic document filing system during the current 2000-01 fiscal year by applying certain base level funds to support the first year of the master lease costs. The agency has delayed planned computer replacement purchases scheduled for 2000-01 and has reallocated the associated $100,000 PR of base level funding to cover the first year costs of the three-year master lease for the electronic management document software. The agency states that these base level funds will not be available in future years to continue the second and third year of the master least payments.

5. Based on the a master lease term running through the 2002-03 fiscal year and structured to reflect an initial $100,000 PR payment by the Commission from base level resources in 2000-01, the remaining annual master lease payments for the 2001-02 and 2002-03 fiscal years are now projected at $95,000 PR annually.

6. Accordingly, the Committee may wish to decrease the annual amount of one-time funding recommended under the bill for master lease payments ($100,000 PR in both 2001-02 and 2002-03) by $5,000 PR annually.

7. The Commission has also requested $25,000 PR annually for on-going software maintenance expenses associated with the installation of the new electronic document management software. In assessing the PSC's need for this additional funding, an examination of the agency's general program operations supplies and services expenditures in recent years has found that the had the following year-end unobligated balances:

1997-98	$43,400
1998-99	46,200
1999-00	59,800

8. An argument can be made that the Commission has sufficient available supplies and services base level spending authority to fund the necessary maintenance costs associated with the electronic document management software. In addition, the PSC has also indicated that there will be a variety of cost-saving efficiencies due to the implementation of this new software system. These efficiencies should free additional base level resources that could be applied to meet the requested software maintenance costs.

9. Accordingly, the Committee could consider deleting the $25,000 PR annually recommended for on-going software maintenance expenses.

ALTERNATIVES

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation by deleting $30,000 PR annually to reflect: (a) reduced master lease payment requirements (-$5,000 PR annually); and (b) the use of base level funding to support on-going software maintenance expenses (-$25,000 PR annually).

Alternative 2	PR
2001-03 FUNDING (Change to Bill)	- $60,000

3. Maintain current law.

Alternative 3	PR
2001-03 FUNDING (Change to Bill)	- $250,000

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE _____ NO _____ ABS _____

Prepared by: Darin Renner

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May 2, 2001 | Joint Committee on Finance | Paper #781

Stray Voltage Research Funding
(PSC -- Agencywide and University of Wisconsin System)

[LFB 2001-03 Budget Summary: Page 571, #4]

CURRENT LAW

Public utilities that produce electricity and electric cooperatives are assessed for their proportionate share of the annual amounts specifically appropriated to the PSC for stray voltage research. During the 1999-01 biennium, $175,000 PR annually was appropriated to the PSC for this purpose. Of the annual amounts received from the Commission's stray voltage research assessments, the first $175,000 PR annually must then be transferred to a stray voltage research appropriation under the University of Wisconsin System. A total of $175,000 PR annually is also appropriated to a PR continuing appropriation under the University of Wisconsin to support stray voltage research activities.

GOVERNOR

Delete $175,000 PR annually of base level expenditure authority under the PSC funded from electric utility and cooperative assessments for stray voltage research activities. Continue $175,000 PR annually of base level expenditure authority under the University of Wisconsin System's stray voltage research appropriation.

DISCUSSION POINTS

1. Provisions of 1999 Wisconsin Act 9 created s. 196.856 of the statutes, which directs the following annual assessments by the PSC: electric utilities are assessed for 91% of the amounts appropriated annually to the Commission for stray voltage research and electric cooperatives are assessed for the remaining 9% of such amounts. The Act 9 provisions direct the transfer of the first $175,000 assessed each year to the UW to support a stray voltage research program. Act 9 also

requires the UW Board of Regents to establish such a program.

2. The PSC made these required assessments in January of 2000 (for the 1999-00 fiscal year) and in June of 2000 (for the 2000-01 fiscal year), based on the $175,000 PR appropriated annually to the Commission to support stray voltage research. Further, in accordance with the provisions of s. 20.155(1)(jm) of the statutes, $175,000 PR annually (in this case, the total amount of each annual assessment) has been (or shortly will be) transferred to the University of Wisconsin System's PR continuing appropriation for stray voltage research. Funds appropriated to a continuing appropriation remain available until fully expended or until the Legislature acts to repeal the appropriation.

3. The effect of deleting the Commission's base level expenditure authority for stray voltage research in both the 2001-02 and 2002-03 fiscal years is to eliminate any annual assessment of utilities and electric cooperatives for this purpose during the next biennium. Without such an assessment, no additional funds will be received by the PSC for transfer to the UW's stray voltage research appropriation.

4. Although the current statutory assessment and transfer language would suggest that the stray voltage research project will be an on-going program, discussions with both UW and PSC staff involved with the project indicate that the Act 9 budget initiative was intended to fund the UW's stray voltage research as a one-time activity. Consequently, no assessments beyond the current biennium are indicated as being required, since additional UW projects are not currently anticipated.

5. In light of the facts that: (a) the required annual assessments of electric utilities and cooperatives have now been made sufficient to fund the current budget of the UW's stray voltage research project; (b) all of the required fund transfers to the UW will have been made by the end of the 2000-01 fiscal year; and (c) no further stray voltage research that would require funding from PSC assessments of electric utilities and cooperatives is currently being planned at the UW beyond the completion of the current project, the Committee could consider deleting the Commission's stray voltage research assessment authority and its associated stray voltage research appropriation.

6. The UW will continue the current stray voltage research project through its scheduled completion date of June 30, 2003. Consequently, the Act 9 statutory language directing the UW Board of Regents to maintain such a program should be retained through the June 30, 2003, scheduled conclusion of the project, at which time this research directive language could also be repealed.

7. The bill continues a base level expenditure estimate of $175,000 PR annually under the UW stray voltage research funding appropriation. The UW has developed a budget of estimated expenditures for the stray voltage research project of $145,500 PR in 2001-02 and $102,800 in 2002-03. Accordingly, the estimated level of expenditures under this appropriation could be adjusted to delete $29,500 PR in 2001-02 and $72,200 PR in 2002-03 to more accurately portray the likely funding requirements for the UW's stray voltage research. This appropriation could also be repealed after June 30, 2003.

8. Alternatively, if the Committee believes that additional future stray voltage research projects could still be developed at the UW that should also be funded through future PSC assessments of electric utilities and electric cooperatives, it could choose to leave the current law assessment, appropriation structure and research language in place. The funding adjustment for the UW's current stray voltage project during the 2001-03 biennium should still be made under this alternative, however.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation.

Alternative 1	PR
2001-03 FUNDING (Change to Base)	- $350,000
[Change to Bill	*$0]*

2. Modify the Governor's recommendation by reducing the expenditure authority under the University of Wisconsin stray voltage research appropriation by $29,500 PR in 2001-03 and $72,200 PR in 2002-03 to reflect the current project budget.

Alternative 2	PR
2001-03 FUNDING (Change to Base)	- $451,700
[Change to Bill	*- $101,700]*

3. Modify the Governor's recommendation by: (a) reducing the expenditure authority under the University of Wisconsin stray voltage research appropriation by $29,500 PR in 2001-03 and $72,200 PR in 2002-03 to reflect the current project budget and repealing this appropriation on July 1, 2003; (b) repealing the PSC's stray voltage research appropriation and associated authority to make such assessments; (c) repealing the statutory language requiring the UW Board of Regents to establish a stray voltage research program, effective July 1, 2003.

Alternative 3	PR
2001-03 FUNDING (Change to Base)	- $451,700
[Change to Bill	*- $101,700]*

4. Maintain current law.

Alternative 4	PR
2001-03 FUNDING (Change to Base)	$0
[Change to Bill	*$350,000]*

Prepared by: Darin Renner

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE _____ NO _____ ABS _____

Bill agency - no action required to include these items:
- Watch for Gard PSC motion.
- do it later (for Moen)

PUBLIC SERVICE COMMISSION

Agencywide

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
3	Federal Revenue Reestimates
10	Elimination of Assessment Cap on Commission Expenses Related to its Review of Wholesale Merchant Plant Construction

LFB Summary Items for Introduction as Separate Legislation

Item #	Title
5	Stray Voltage and Electrical Rewiring Assistance
6	Public Utility Exemption from Liability for Stray Voltage Damage
8	Energy Assessments of Proposed Administrative Rules
9	Revised Commission Enforcement Authority over Various Entities Providing Telecommunications Services

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE _____ NO _____ ABS _____

Agency: PSC & Commerce

Paper #: 300

Issue : Transferring Mobile Park Water & Sewer Regulations

Recommendation: Alternative 3

Summary:

Who cares. PSC vs. Commerce. Is there any difference? Alt. 3 is basically the governor's recommendation plus a few technical changes. Plus, someone probably has some plan cooking with the mobile home lobbyists.

By: Barry

Alts 2 + 4
Wirch wants 6

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May 2, 2001 | Joint Committee on Finance | Paper #300

Transfer Mobile Home Park Water and Sewer Service Regulation from the Public Service Commission to Commerce (PSC and Commerce -- Building and Environmental Regulation)

[[LFB 2001-03 Budget Summary: Page 196, #12 and Page 573, #7]

CURRENT LAW

The Public Service Commission (PSC) regulates the provision of water and sewer services by mobile home park operators or contractors to occupants of the mobile home park. The PSC levies an annual assessment on mobile home park operators and contractors to support the costs of regulation ($59,100 PR in 2000-01), primarily the costs associated with 1.0 FTE two-year project position in the Commission's Division of Water, Compliance and Consumer Affairs. The position is responsible for establishing standards for water and sewer service to occupants of mobile home parks and investigating complaints. The position authorization and associated funding will terminate on June 30, 2001.

Under the PSC's separate authority governing water and sewer public utilities, the Commission also regulates the provision of separately metered water and sewer service to occupants of mobile home parks.

Prior to and after the enactment of 1999 Wisconsin Act 9, the Department of Commerce regulated the manufacture and inspection of manufactured homes. Effective July 1, 2000, Act 9 transferred to Commerce: (1) the regulation and licensing of mobile home parks and mobile home dealers from the Department of Administration (DOA); and (2) the registration and titling of any vehicles that meet the definition of mobile home or manufactured home. Commerce issues permits for manufactured home parks for a two-year period that begins on July 1, of every even-numbered year. The permit fee is established by administrative rule. Commerce deposits the license fees in the Safety and Buildings Division program revenue general program operations appropriation account.

GOVERNOR

On the first day of the seventh month beginning after publication of the biennial budget act, transfer the authority to regulate water and sewer service provided by mobile home park owners or contractors to occupants of mobile home parks from the PSC to Commerce, as follows:

Regulatory Functions Transferred. Commerce, rather than the Commission: (1) would be required to promulgate administrative rules that establish standards for water and sewer service to occupants of a mobile home park (uniformly designated "manufactured homes" under Commerce), including requirements for metering, billing, deposits, deferred payment arrangements, installation of service, refusing or discontinuing service, resolving disputes and ensuring just and reasonable rates and service; (2) would be authorized, on its own motion or upon complaint by a manufactured home park occupant, to issue an order or commence a civil action to enforce its manufactured home park water and sewer regulatory authority; and (3) would be required to levy and enforce the collection of an annual assessment within 90 days of the start of each fiscal year against manufactured home park operators for the costs of regulation.

Current law provisions would also be recodified under Commerce, including: (1) authorizing a manufactured home park operator to make reasonable recovery of capital costs for permanent improvements relating to the provision of water and sewer service; (2) authorizing the Department of Justice or a district attorney to commence enforcement actions in circuit court to enforce regulations governing the provision of water and sewer service in manufactured home parks; and (3) establishing forfeitures of not less than $25 nor more than $5,000 per occurrence for violations of such regulations.

The PSC's current authority to regulate metered water and sewer service provided to mobile home park occupants by public utilities would not be affected by any of these proposed changes and would remain at the Commission.

Regulatory Authority Modified Under the Transfer. Delete references to "mobile home" used for purposes of PSC regulation and insert uniform references to "manufactured homes" for the purpose of Commerce regulation. Delete the current law authority of the occupants of 25% of the total number of mobile homes in a park or the occupants of 25 such homes, whichever is less, to file a complaint with the Commission and authorize the Commission to investigate the complaint. In addition, general provisions governing the manner by which the Commission currently investigates complaints, gives notice of hearings and conducts summary investigations would not be recodified under the regulatory provisions created under Commerce.

Transition Provisions. Include a nonstatutory provision directing the transfer from the PSC to Commerce, as determined appropriate by the Secretary of DOA, all assets and liabilities, tangible property, including records, contracts, rules and orders, and any pending matters relating to the regulation of water and sewer service provided by mobile home parks. These transfers would occur on the first day of the seventh month beginning after publication of the biennial budget act.

Provide Commerce with $61,400 PR and 1.0 PR position annually in a new appropriation funded from the mobile home park water and sewer regulation assessment.

DISCUSSION POINTS

Modifications to Regulatory Authority under the Transfer

1. Under the "mobile home" park definition, currently applicable to PSC regulation of water and sewer service provided by mobile home park operators, coverage extends to any tract containing two or more plots that are rented or offered to accommodate a mobile home. Under the "manufactured home" park definition that would be used under Commerce, regulatory authority would extend under a current law definition of manufactured home parks to any plot of land on which are located three or more manufactured homes occupied for dwelling or sleeping purposes but does not include a farm where the homes are occupied by the father, mother, son, daughter, brother or sister of the farm owner or operator or where the occupants of the manufactured home work on the farm.

2. The PSC is currently able to identify 1,128 mobile home parks with two or more plots for mobile homes. Commerce has identified 1,124 manufactured home parks. Thus, it would appear that there are only four, two-unit mobile home parks that would fall outside the scope of Commerce regulation due to the change of definition. PSC has historic but unverified data that there were once as many as 19 such two-unit parks. The PSC has not been able to identify those parks, if they still exist. The PSC also indicates that it has never received a complaint from any of the two-unit parks that it currently has authority to regulate. Both agencies have stated that they see no significant regulatory impact under the proposed definition change.

3. The bill also does not transfer the authority for occupants of 25% of the total number of mobile home units in a park or the occupants of 25 such homes, whichever is less, to file a complaint with Commerce. When the PSC was given the authority to regulate water and sewer service provided by mobile home park operators, this threshold language was included to parallel similar statutory provisions that govern the number of customers of any PSC regulated utility (25 persons) that may petition the Commission to begin an investigation of the utility. However, Commerce is currently required to inspect a manufactured home park whenever the Department receives a complaint about the park. Consequently, the current law Commerce complaint threshold would make it unnecessary to transfer the PSC complaint threshold language or any of the other PSC complaint and investigation procedures that have applied to mobile home park water and sewer matters.

4. In summary, the identified regulatory authority changes that would occur under the transfer would not appear to result in any material changes to the current law scope of regulation of water and sewer service in manufactured home parks or to the procedures that would be available to Commerce's to investigate and resolve complaints. The Committee may wish to include all of these proposed changes, as recommended by the Governor.

Timing of the Regulatory Transfer

5. The current PSC project position and base level funding of $57,700 PR annually associated with the agency's current regulatory oversight of mobile home water and sewer service expire on June 30, 2001 and are deleted as part of the Commission's standard budget adjustments. Although the Executive Budget Book states that the position is made permanent and then transferred to Commerce, there is no nonstatutory language in the bill to effect such a position transfer. However, Commerce is provided $61,400 PR annually and 1.0 PR position to support this new regulatory function.

6. In addition, no position or expenditure authority is available under the PSC during 2001-02 to provide mobile home park water and sewer regulatory oversight during the six-month interim period between the effective date of the biennial budget act and the date of the actual transfer during which time the Commission retains overall program responsibility and assessment authority for the program.

7. Currently, the PSC's project position is vacant. The Commission has indicated that during the 2001-02 interim period, LTE staffing, as required, will be provided and funded from base level resources. Any complaints or investigations relating to mobile home park water and sewer matters will be handled by base level Division of Water, Compliance and Consumer Affairs staff. It is not known whether the Commission would make an assessment for any of these relatively modest regulatory costs incurred during this interim period. Such an assessment must be made within 90 days of the start of each new fiscal year.

8. Also, it does not appear that the PSC would have the authority under the proposed transfer to assess prospectively for any of the costs associated with Commerce's regulatory duties. If the Committee chooses to transfer the mobile home park water and sewer regulatory authority to Commerce on the schedule contained in the bill, it may wish to include a nonstatutory provision authorizing PSC to include in the assessment for 2001-02 only, the manufactured home water and sewer regulatory costs budgeted under Commerce for that fiscal year.

9. Under the program transfer date in the bill, Commerce would staff the program only for approximately four months in 2001-02. However, the bill provides Commerce with a full 12 months of position funding in 2001-02. The Committee could modify the bill to delete $40,900 PR in 2001-02 under Commerce in order to provide four instead of 12 months of position funding.

10. Based on discussions with both PSC staff and Commerce staff that would be involved in mobile home/manufactured housing regulatory matters, no convincing rationale has been advanced as to why the regulatory transfer should be delayed until six months after the general effective date of the biennial budget act. The relevant Commission and Commerce staff have agreed that the transfer of authority could occur on the act's general effective date.

11. If the bill would be amended to transfer the authority on the effective date of the bill, Commerce would then require $46,100 PR in 2001-02 for nine months of position funding in 2001-02 instead of the $61,400 PR in 2001-02 provided in the bill for 12 months of position staffing. A

nonstatutory provision could also be included to authorize Commerce to make the necessary regulatory assessment for 2001-02 only within 90 days of effective date of the transfer.

12. If the Committee chooses instead to retain the regulation of mobile home park water and sewer matters at the PSC, it could delete $61,400 PR annually and 1.0 PR position provided by the bill under Commerce and provide $57,700 PR annually and 1.0 PR position under the PSC to provide staff support for this continuing function at the Commission.

Funding the Costs of Manufactured Housing Water and Sewer Regulation at Commerce

13. The bill's transfer to Commerce of the PSC's current statutory assessment mechanism to recover the costs of regulation of water and sewer service means that Commerce would collect two types of fees from manufactured home park interests: the apportioned assessment for water and sewer regulation and the current permit fee for manufactured home parks. An alternative would be to authorize Commerce to incorporate its water and sewer service regulatory costs into the current biennial permit fees for manufactured home parks that will be assessed next in the spring of 2002 for the two-year period July 1, 2002 through June 30, 2004.

14. At its March 14, 2001 meeting, the Governor's Blue Ribbon Manufactured Housing Task Force also recommended that the current assessment mechanism for the regulation of water and sewer service to manufactured home communities be repealed and that the manufactured home biennial licensing fee be adjusted to absorb these costs.

15. If the water and sewer service assessment would be incorporated into the manufactured home park biennial fees, the new position provided under Commerce in a separate appropriation could instead be funded out of the existing safety and buildings PR general program operations appropriation, where the revenues for the manufactured home park permits are deposited. A nonstatutory provision authorizing the assessment of fees for 2001-02 only under the current law assessment provisions would still be required for that year, after which the program would be funded from the permit fee revenues. PSC would make the fee assessment if the program is transferred under the timing of the bill (six months after the effective date) or Commerce would make the fee assessment if the bill is amended to transfer the program on the effective date of the bill.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to: (a) transfer the regulation of mobile home park water and sewer services from the PSC to Commerce on the first day of the seventh month beginning after publication of the biennial budget act; and (b) provide Commerce with $61,400 PR and 1.0 PR position annually in a new appropriation funded from the mobile home park water and sewer regulation assessment.

Alternative 1	PR
2001-03 FUNDING (Change to Base)	$122,800
[Change to Bill	*$0]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*0.00]*

2. Approve Alternative 1. In addition: (a) delete the statutory assessment of fees for regulation of water and sewer service beginning in 2002-03; (b) require that the manufactured home park permit fee cover the cost of regulation of water and sewer service to the parks beginning in 2002-03; (c) delete the creation of a separate Commerce appropriation for receipt of the assessment against manufactured home park owners or operators; and (d) fund the provided Commerce position from the Safety and Buildings Division program revenue general program operations appropriation. *[This alternative shifts the source of funding for the regulation of water and sewer service to manufactured homes at Commerce from annual assessments levied against manufactured home park owners to the biennial manufactured home park permit fee.]*

Alternative 2	PR
2001-03 FUNDING (Change to Base)	$122,800
[Change to Bill	*$0]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*0.00]*

3. Adopt either Alternative 1 or 2. In addition: (a) in Commerce, delete $40,900 PR in 2001-02 to provide $20,500 PR for four months of position funding instead of $61,400 PR for 12 months; and (b) authorize PSC to include in the assessment for 2001-02 only, the manufactured home water and sewer regulatory costs budgeted under Commerce for that year. *[This alternative provides the required level of funding for Commerce in 2001-02, based on the Governor's recommendation to delay the regulatory transfer for six months after enactment of the budget. The alternative also authorizes the PSC to assess for the regulatory costs budgeted under Commerce for 2001-02.]*

Alternative 3	PR
2001-03 FUNDING (Change to Base)	$81,900
[Change to Bill	*- $40,900]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*0.00]*

4. Adopt Alternative 2 and in addition: (a) require the transfer of mobile home park water and sewer regulation from the Public Service Commission to the Department of Commerce on the effective date of the bill; (b) in Commerce, delete $15,300 PR in 2001-02 to provide $46,100 PR for nine months of funding instead of $61,400 PR for 12 months in 2001-02; and (c) direct Commerce to make the assessment for 2001-02 only, within 90 days of the effective date of the

transfer. *[This alternative moves up the date of the regulatory transfer to the effective date of the biennial budget and provides the correct levels of first year funding.]*

Alternative 4	PR
2001-03 FUNDING (Change to Base)	$107,500
[Change to Bill	*- $15,300]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*0.00]*

5. Maintain the current law PSC administration of the mobile home park water and sewer service regulation program and provide PSC with $57,700 PR annually and 1.0 PR position to administer the program. In addition, delete $61,400 PR and 1.0 PR position annually in Commerce.

Alternative 5	PR
2001-03 FUNDING (Change to Base)	$115,400
[Change to Bill	*- $7,400]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*0.00]*

6. Maintain current law. (PSC would have to reallocate existing resources to administer the mobile home park water and sewer service regulation program.)

Alternative 6	PR
2001-03 FUNDING (Change to Base)	$0
[Change to Bill	*- $122,800]*
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill	*- 1.00]*

MO# Alt 4

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

Prepared by: Darin Renner and Kendra Bonderud

AYE 16 NO 0 ABS ____

No analysis prepared.
Just a modification.

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May 2, 2001 | Joint Committee on Finance | Paper #301

Aviation Fuel Petroleum Inspection Fee Allowance (Commerce -- Building and Environmental Regulation; Miscellaneous Appropriations)

CURRENT LAW

A petroleum inspection fee of 3¢ per gallon is imposed on all petroleum products brought into Wisconsin. Effective October, 1997, purchasers of aviation fuel on which the petroleum inspection fee has been imposed are eligible for reimbursement of 2¢ for each gallon of aviation fuel purchased in excess of one million gallons per month. DOR pays the claims from a sum sufficient appropriation, estimated at $400,000 annually, from the petroleum inspection fund. The only airline that has filed claims is Midwest Express Airlines.

GOVERNOR

No provision.

MODIFICATION TO BASE

Provide $200,000 SEG annually to increase the aviation fuel petroleum inspection fee allowance appropriation from $400,000 SEG to $600,000 SEG.

Explanation: Under the provision, Midwest Express has received $1,767,000 for gallons purchased between October, 1997 and December, 2000. The monthly average was $48,700 in 1999-00 and is $50,200 for 2000-01 to date. Current estimates would result in payments from the sum sufficient appropriation of approximately $600,000 per year instead of the $400,000 in the bill.

Modification	SEG
2001-03 FUNDING (Change to Base)	$400,000
[Change to Bill	*$400,000]*

Prepared by: Kendra Bonderud

MO# modification

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
1 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
COGGS	Y	N	A
HUBER	Y	N	A

AYE 16 NO 0 ABS 0

Agency: Commerce

Paper #: 302

Issue: Revenue Obligation Authority

Recommendation: Alternative A(2) & B(1)

~~Draft A-1~~
Draft A-2
B-1
ok

Summary:

The claims backlog is gone, but don't want to lose ground now. Need to provide some funds. Alt A(2) should be enough money to get through the next 2 years, and Alt B(2) just seems to be more honest budgeting.

By: Barry

A2, B1