

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4139/1	Introduction Number AB-796
------------------------------------	--

Subject
 Technical college districts; issuance of revenue bonds for services to business

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
--	--	---

Local:

No Local Government Costs
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
--	--	--

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Pamela Walgren (608) 266-7817	Authorized Signature Dennis Collier (608) 266-5773	Date 2/13/2004
---	--	--------------------------

Fiscal Estimate Narratives

DOR 2/13/2004

LRB Number	03-4139/1	Introduction Number	AB-796	Estimate Type	Original
Subject					
Technical college districts; issuance of revenue bonds for services to business					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a Wisconsin Advantage Program. Under the program, the technical college district boards under the Technical College System Board could enter into contracts with businesses in their districts to provide certain training and educational services to the businesses. District boards could not enter contracts that would exceed \$3,500 of costs per trainee, unless the Joint Committee on Finance (JCF) approved a higher amount. The System Board would have to ensure that total cost to all district boards would not exceed \$10 million in a fiscal year, unless JCF approved a higher amount.

The district boards could issue 10-year revenue obligations, but could not levy taxes for debt service payments. Businesses could be required to pay fees or costs for the services provided. The district boards would be required to maintain a special fund for depositing fees collected from businesses, payments from the state and other moneys so designated for use to pay debt service on the revenue bonds.

Annually, Revenue would determine the amount of wages from which withholding would have been calculated for individuals whose names would be reported by the Department of Commerce and would calculate 1.5% of that amount, aggregated by technical college district, to the System Board. The bill does not appropriate these amounts, but the appropriation is provided in separate legislation (AB 811).

The Department does not have information to estimate the fiscal effect of the proposal. The fiscal effect of the program would depend upon the actual amount spent on training, the debt service expenses and other costs to administer the program. Even though the proposal would limit the total costs of all district boards to \$10 million per fiscal year, the fiscal effect of the program may not be limited to \$10 million per year, since the revenue impact is based on a percent of specific income of individuals, not on the cost of providing services to them. The actual revenue loss attributable to \$10 million in contracts could be more or less than \$10 million. For example, if the cost per trainee approximates \$1,000, there would be about 10,000 trainees. Assuming they received the average Wisconsin wage of \$33,500, the revenue loss would be approximately \$5 million (10,000 x \$33,500 x 1.5%).

The Department estimates increased annual costs of \$16,900 for audit and other administrative activities. The bill does not provide funding for these costs.

Long-Range Fiscal Implications