

**Fiscal Estimate - 2013 Session**

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 13-1690/1		<b>Introduction Number</b> AB-0057	
<b>Description</b> Payments for losses of public deposits in failed or failing financial institutions			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues		
<input type="checkbox"/> Create New Appropriations			
<b>Local:</b>			
<input checked="" type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <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 type="checkbox"/> WTCS Districts	
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
<b>Fund Sources Affected</b>			<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.144(1)(a)			
<b>Agency/Prepared By</b> DFI/ Susan Dietzel (608) 267-0399		<b>Authorized Signature</b> Susan Dietzel (608) 267-0399	
		<b>Date</b> 3/22/2013	

## Fiscal Estimate Narratives

DFI 3/22/2013

LRB Number	13-1690/1	Introduction Number	AB-0057	Estimate Type	Original
<b>Description</b> Payments for losses of public deposits in failed or failing financial institutions					

### Assumptions Used in Arriving at Fiscal Estimate

The public deposit guarantee account provides funds to pay public depositors for losses of deposits in a public depository. Recoveries received by the FDIC are credited back to the fund. Currently, coverage provided by this fund is limited to \$400,000 per depositor per institution. This bill increases the maximum payment to \$750,000 per depositor per institution.

Though a sum sufficient appropriation provides the funding for the payment of such losses to the public depositors, it is limited to the balance of the fund. Interest, calculated at a rate of 5% per year is accrued to the fund. The balance of the fund on December 31, 2012 was \$48,644,539. This bill changes the annual interest paid on the account to the average of interest rates paid by financial institutions on regular passbook deposit accounts as calculated and published by the Department. For 2013, this amount was calculated at 0.20%.

In the past 30 years, a total of \$4,024,000 in losses has been claimed by 17 public depositories related to three failures. Recoveries from the FDIC totaled \$3,418,500, resulting in net payments from the fund of \$605,500. Of the 17 claims, three reached the maximum \$400,000.

The effect of this bill is indeterminate at this time. The total potential payment will increase or decrease depending upon the annual interest rate calculated and published by the Department as compared to the 5% rate under current law. However, with the increased limits in the bill, the fund balance may be decreased more quickly with the potential for higher individual claims as included in the legislation. Scenarios of events that would result in claims that would be of the magnitude to fully deplete the fund are unlikely.

### Long-Range Fiscal Implications