

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4700/1	Introduction Number AB-0773
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Description
 discovery of information in court proceedings; procedural requirements relating to class actions; consumer lawsuit lending; the statute of limitations for certain civil actions; agreements by the secretary of revenue to allow third-party audits related to unclaimed property; interest rates for overdue insurance claims; and providing a penalty

Fiscal Effect

State:

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

Local:

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	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 type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate	4. <input type="checkbox"/> Decrease Revenue	
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566(4)(k)	

Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Robert Schmidt (608) 266-5773	Date 1/3/2018
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Fiscal Estimate Narratives

DOR 1/3/2018

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Assumptions Used in Arriving at Fiscal Estimate

Current law allows the Department of Revenue (DOR) to use third-party audits, paid on a contingent fee basis, to audit another person's documents or records in order to administer the unclaimed property program. Current law does not provide DOR with internal audit staff to identify unreported property. When DOR cannot locate an owner for unclaimed property, the unclaimed property is transferred to the School Fund.

Under the bill, DOR would be prohibited from contracting with or using information attained through a third-party audit in identifying unreported property, with the exception of information received from the Federal Government.

In FY 2017, 116 audits identified approximately \$5.3 million in unreported property, or 12 percent of \$43.7 million in reported property. In FY 2016, 119 audits identified \$9.4 million, or 16 percent of the reported property. DOR transferred \$34.1 million in FY 2017 to the School Fund and expects to transfer \$13.9 million in FY 2018.

The bill will reduce the amount of unclaimed property identified, resulting in a smaller transfer to the School Fund, and decrease the fees paid to third-party auditors.

Under the bill, the School Fund transfer would have decreased by \$2.9 million in FY 2017 and will decrease by \$1.7 million in FY 2018 based on current expectations. The audit contingency fees would have decreased by \$1.1 million in FY 2016 and \$642,000 in FY 2017 based on previous third-party audits.

Long-Range Fiscal Implications