

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

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|-----------------------------|-----------------------------------|
| LRB Number 17-0741/1 | Introduction Number SB-036 |
|-----------------------------|-----------------------------------|

Description
 the deadline for certain business entities to file annual reports with the Department of Financial Institutions

Fiscal Effect

State:

| | | |
|---|---|--|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase 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"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriations | | |
| <input type="checkbox"/> Create New Appropriations | | |

Local:

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

| | |
|--|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <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)(g) | |

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|---|---|--------------------------|
| Agency/Prepared By DFI/ Kortney Anderson (608) 261-9559 | Authorized Signature Alex Ignatowski (608) 264-7800 | Date 2/21/2017 |
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Fiscal Estimate Narratives

DFI 2/21/2017

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|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 17-0741/1 | Introduction Number | SB-036 | Estimate Type | Original |
| Description the deadline for certain business entities to file annual reports with the Department of Financial Institutions | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Description of Change and Impact:

The Division of Corporate & Consumer Services at the Department of Financial Institutions (DFI) is the filing office for the organizational instruments to create corporations, limited partnerships, limited liability partnerships, and limited liability companies. Approximately 287,000 annual reports were filed by these entities last fiscal year. Currently, there are several application systems that support the overall operations of the division. The proposed Bill has significant impact on the overall operation of the day to day business processes and supporting application systems. Listed below are the impacted systems with a description of changes, overall budget, and resources required to implement the proposed changes related to allowing for Elective Monthly Annual Reporting Periods.

Corporate Registration Information System (CRIS) and related systems:

Due to the antiquated nature and unique dependencies of CRIS, it would not be feasible to update CRIS Client, but rather to enhance the Corp Fulfillment (CF) and Corp Admin systems to accommodate the changes in the proposed legislation.

Corp Fulfillment (CF) would need to be updated to allow for the processing of incoming files, including all data entry related to a filing, to be done completely within the application. Indexing tasks currently completed in CRIS Client which could be integrated with CF entering Registered Agent and Principal Office addresses, adding chronology entries, updating 'nature of business' and 'paid capital' fields, adding 'notes' for certain events and statuses. CF must also be updated to allow for the semi-automatic change of an entity status for some forms and to calculate annual report fees. Additional fields supporting the entry of an Annual Report Month and other changes in support of this statute change, as well as other pending enhancements would also be included.

Corp Admin would need to be updated in 2 major ways; to allow for the correction and editing of all fields currently available and to allow for the Admin functions of CRIS client to be performed. For data corrections and edits, this would involve adding the ability to view, edit and delete the content of most visible fields in the CRIS database, including the new data fields created to support this proposed legislation.

CRIS Database (CRISDB) would need to be updated to include auditability of all changes initiated from the Corp Admin or CF applications, this would likely include adding Create and Last Modified dates and user identification to many tables in the database. A design for supporting a Monthly Annual Report option would need to be created and integrated into CRISDB.

Online Annual Reporting Systems:

All online annual reporting systems would need to be updated to integrate the new reporting cycles that are being introduced. This would include the AR and CorpAR applications which direct users to the appropriate annual report, the OnlineForms (GOFR) annual reports submitted by the customer as well as the WIN hosted One Stop Business Portal integrations and user interface.

CorpAR and AR applications are heavily dependent on the quarterly reporting cycle for directing users to the appropriate message about the status of their annual reporting. This should be updated to handle the monthly and quarterly windows in which someone may be eligible to file an annual report and display the designated reporting period to the user.

The online annual reports in the GOFR system would need to be updated to calculate fees based upon a different criteria taking the possibility for a quarterly or monthly due date and when the report date was designated. Content changes explaining the change would be needed as well.

The One Stop Business Portal (OSB) would need to make some minor user interface updates to ensure content correctness. The web service used for integration with DFI would need more significant updates to the logic used to prevent duplicate annual reports and to calculate the report fees.

Online Formation and Amendment Filing Systems:

The applications which allow users to submit entity formation documents (CorpFormation and GOFR

systems) as well as the GOFR forms for amending these documents would need to be updated to allow the user to designate an Annual Report Month. The updates made to these applications would need to generally match the changes made to the paper form equivalents. The formations available on the One Stop Business Portal (OSB) as well as the service that integrates the OSB with DFI systems would need to be updated to make the same changes.

Automated Delinquency, Dissolutions and Revocations:

These automated processes are heavily dependent on the 'quarter consideration' and would need much reworking. The process which sets entities to a Delinquent status is based primarily upon entities being late in filing their annual reports and is currently run quarterly. The processes for identifying and notifying candidates for Administrative Dissolution and Revocations are run on a quarterly and annual cycle respectively and are heavily dependent on the quarterly due dates for annual reports. The new processes would need to account for both entities that remain on the existing quarterly cycle and those that have elected to identify a particular month for reporting. This will substantially increase the complexity of the timelines and number of overlapping processes annually, making it imperative that these processes remain fully automated.

Corp Certificates of Status:

The Corp Certificate of Status (CCS) system allows for the automatic generation of a document indicating the current status of an entity. One of the considerations that is used in generating these certificates is whether an entity is late or delinquent in filing their annual report. The logic used for determining this would need to be updated.

Corp Search:

The Corp Search application is the primary tool used by the public to view information about an entity registered with DFI. The Entity Detail page of this application would need to be enhanced to display additional information about annual reporting requirements along with displaying the valid annual report reporting period for a given entity.

Automated Tests:

There are a number of automated testing scripts which run daily to verify that the applications identified above continue to behave as expected, many of these would need to be updated to comply with the proposed change.

Annual Report Notices:

The process for generating the statutorily required annual report notices and annual report mailings uses the entity reporting quarter as its main qualification for which entities receive notice. This report would need to be updated to allow for additional input parameters to allow for quarter and month selections for which entities should receive notice for a given period.

New Incorporations Report:

This report is generated periodically and sent to customers who enroll to receive it. There is a quarter consideration in how the report is generated. The report will need to be re-written in order to pull the correct data.

COMFiche File Generation Process:

This legacy report is generated periodically and serves as a point in time reference for the data in the CRIS Database. There is a quarter consideration in how the report is generated. The report will need to be re-written to continue to make the report available for external third party use.

Revenue Impact:

The proposal may lead a shift in when revenue is collected, but overall amounts will not change.

Monthly Annual Reports Analysis:

(See Excel Document, tab labeled: "Monthly Annual Reports Analysis" attachment for Table)- The table shows the Business Event that is affected, the current and proposed cycles for analysis.

Budget:

(See Excel Document, tab labeled: "Budgeted Hours" attachment for Table) - The table shows the estimate hours throughout the different phases of the system upgrades.

Average number of Contractor hours (12,616.50) x Average Contractor Rate (\$75) = \$946,237.50

Long-Range Fiscal Implications

On-going IT costs associated with the systems upgrades and on-going maintenance is assumed as 5% of the total costs of the upgrades. $\$946,237.50 \times 5\% = \$47,311.87$ per year.

| DFI SDLC | Optimistic (Min.) | Most Likely (Avg.) | Pessimistic (Max) | IT Resources | Expected |
|-----------------------------|-------------------|--------------------|-------------------|---------------------|------------------|
| Concept | | | | | |
| Current Process Overview | 60 | 80 | 120 | PM + BA + DEV + DBA | 83.33 |
| Project Organization | 160 | 320 | 400 | PM + BA | 306.67 |
| Project Proposal | 20 | 40 | 80 | PM | 43.33 |
| Inception | | | | | |
| Project Charter | 24 | 80 | 120 | PM + BA | 77.33 |
| Product Backlog | 400 | 640 | 800 | BA | 626.67 |
| Release Plan | 60 | 80 | 120 | PM + DEV | 83.33 |
| Solution Architecture | 80 | 160 | 320 | DEV | 173.33 |
| Documentation | 40 | 80 | 120 | PM + BA + DEV | 80 |
| Production | | | | | |
| Construction | 5,340.00 | 8,785.00 | 14,595.00 | DEV + PM + BA + DBA | 9,179.17 |
| Release | 40 | 80 | 120 | DEV + OPS | 80 |
| QA | 600 | 1,000.00 | 1,600.00 | QA | 1,033.33 |
| Training | 80 | 120 | 160 | PM + BA | 120 |
| Final Project Documentation | 300 | 500 | 800 | DEV + BA | 516.67 |
| Post Production Testing | 160 | 200 | 320 | QA | 213.33 |
| Total Hours | | | | | 12,616.50 |