

Wisconsin Department of Administration
 Division of Executive Budget and Finance

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-5539/1	Introduction Number AB-0915	
Description the collection from the Chinese government for damages caused by the COVID-19 pandemic		
Fiscal Effect		
State:		
<input checked="" type="checkbox"/> No State Fiscal Effect <input 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"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <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 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 <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 1/31/2022

LRB Number	21-5539/1	Introduction Number	AB-0915	Estimate Type	Original
Description					
the collection from the Chinese government for damages caused by the COVID-19 pandemic					

Assumptions Used in Arriving at Fiscal Estimate

The bill directs the Department of Revenue to develop and implement a plan to collect an amount from the Chinese government due to the economic, health, and other damages caused by the COVID-19 pandemic and to distribute the amount to Wisconsin residents. DOR must submit the plan to the Joint Committee on Finance for passive review.

The bill requires that DOR seek to collect an amount equal to the total damages caused by the COVID-19 pandemic to the United States multiplied by the ratio of Wisconsin's gross domestic product during the first quarter of 2021 to U.S. gross domestic product during that same quarter. In determining the amount of total damages caused by the COVID-19 pandemic, DOR is directed to utilize methods and considerations similar to those utilized to estimate the economic costs of the COVID-19 pandemic in a 2020 Viewpoint article posted on the Internet site of JAMA: The Journal of the American Medical Association. The bill specifies that DOR may only seek to collect the amount from the Chinese government and may not take, or attempt to take, collection activity against any individual Chinese citizen or national.

The bill also requires that DOR annually distribute, on a pro rata basis, the amount collected in the prior year to individuals who, during the entire year, were Wisconsin residents and U.S. citizens and who were required to file, and did file, a state income tax return for that year, to their spouses if filing a joint return, and to their dependents.

Fiscal Estimate

U.S. GDP was \$22 trillion in the first quarter of 2021. Wisconsin GDP was \$348 billion for the same period, or 1.58% of US GDP. Using the total economic loss from the JAMA article referenced in the bill of \$16 trillion, the Wisconsin share of damages would be \$253.1 billion. There are approximately 5.5 million tax filers, spouses, and dependents in a tax year. The pro rata share for each would be approximately \$46,000.

There is no legal basis under current state, federal, or international law through which the Department can compel a foreign government to pay damages resulting from a pandemic. The department anticipates that it cannot generate payments from the Chinese government for use in the distribution to Wisconsin residents

Foreign governments have sovereign immunity. Generally, a national government can't be sued in the courts of another nation. The U.S. federal Foreign Sovereign Immunities Act (FSIA) does allow foreign governments to be sued in federal courts if the claim is based on commercial activity carried out by a foreign government with direct effects in the U.S., or for wrongful acts occurring in the U.S. or for state-sponsored terrorist torture, extrajudicial killing, aircraft sabotage, or hostage taking.

Long-Range Fiscal Implications