

FISCAL ESTIMATE
DOA-2048 N(R10/94)

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

Subject

Recovery of damages in actions against the state caused by incorrect interpretation, production or use of dates in the year 2000 and subsequent years

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

LOCAL: No local government costs

- 1. Increase Costs
 - Permissive
 - Mandatory
- 2. Decrease Costs
 - Permissive
 - Mandatory

- 3. Increase Revenues
 - Permissive
 - Mandatory
- 4. Decrease Revenues
 - Permissive
 - Mandatory

5. Types of Local Governmental Units Affected:
- Towns
 - Counties
 - School Districts
 - Villages
 - Others _____
 - WTCS Districts
 - Cities

Fund Sources Affected

- GPR
- FED
- PRO
- PRS
- SEG
- SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

AB 19 would prohibit a person from recovering damages against any state or local governmental unit, including a state authority, or any officer, employe or agent thereof, for any act or omission caused by failure of an electronic computing device that is under control of such a unit, officer, employe or agent to (1) recognize, process, distinguish or interpret the year 2000, or a subsequent year; or (2) produce, generate or calculate a correct date if the year 2000, or a subsequent year is part of that date.

Claims against the University of Wisconsin System, or any officer, employe or agent thereof, are paid from the state risk fund which receives contributions from state agencies. The contribution level assessed to an agency takes into account past claims experience. Therefore, any reduction in claims would help to avoid an increase in the UW's required contribution to the fund. The extent to which claims involving Y2K computer malfunctions will occur, and would be eliminated under the bill is unknown. Therefore, the offset of potential increased state risk fund assessments to the UW is unknown.

In addition, the bill would exempt state and local governments from interest payments to vendors on late payments arising from failure of an electronic computing device to (1) recognize, process, distinguish or interpret the year 2000, or a subsequent year; or (2) produce, generate or calculate a correct date if the year 2000, or a subsequent year is part of that date. Any contract entered into on or after the day the bill becomes law that contains a contrary provision would be void.

Currently, interest payments of 12%, compounded monthly, are assessed on late payments of contracts or orders. The bill would eliminate interest payments to vendors on late payments arising from a year 2000 computer failure, as described above. This would reduce interest expenses for certain late payments, however the extent to which late payments will arise because of a year 2000 failure is unknown. Therefore, the potential interest savings cannot be determined.

UW System is currently undergoing a systematic approach to identify, evaluate and correct Y2K problems. Major computer support systems are in good shape for Y2K compliance. The central accounting system and payroll and benefits system are being brought into compliance in 1998-99. Several institutions are implementing new systems that are Y2K compliant and other institutions are expected to be compliant through updates to current systems.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

University of Wisconsin System

Authorized Signature/Telephone No.

[Handwritten Signature]
2-6423

Date

2/1/99