

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 2359/4

INTRODUCTION # AB 383

Admin. Rule #

Subject

Eliminate Requirements that Certain Local Officials Be Bonded

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

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 Villages Cities
 Counties Others Special districts
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

Current law provides for 2 types of bonds for local officers -- official bonds and tax collection bonds. The bill affects both types of bonds.

Official Bonds. Under current law, municipal and county clerks, treasurers and other officers specified by statute are required to obtain an official bond to ensure the faithful performance of their duties. The minimum official bonds for county officers are specified in statute while official bonds for municipal officers are determined by the governing body of the municipality. The official bond of a town officer may be included in a blanket bond covering all town employees; in contrast, the official bond of a city, village or county officer may not be included under a blanket bond. Under the bill, an official bond would not be required unless a county or municipality enacted an ordinance requiring one.

Based on the rates of a major provider of official bonds to Wisconsin municipal officers, a \$25,000 official bond for a treasurer costs about \$70 per year while a \$50,000 official bond costs about \$120 per year. A \$25,000 official bond for a clerk, deputy clerk, or elected assessor costs about \$40 per year per officer. Assuming the official bond of a city or village treasurer costs \$100 on average and the total cost of official bonds for other officers is \$160 per year, expenditures for official bonds for the state's 584 cities and villages may decrease up to \$152,000 (\$260 x 584) per year under the bill.

Assuming each county treasurer obtains a \$500,000 official bond costing \$1,100 on average and the total cost of official bonds for other county officers is \$160 per year, official bonds for the state's 72 counties would cost about \$91,000 (\$1,260 x 72) per year. Thus, under the bill, costs to cities, villages and counties of official bonds may decrease up to \$243,000 (\$152,000 + \$91,000) per year.

(continued on page two)

Long-Range Fiscal Implications:

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Date

5/26/99

Towns typically include official bonds under a blanket bond covering all officers and employees and, therefore, the bill is not expected to have a fiscal effect on towns.

Tax Collection Bonds. To ensure that taxes collected by the municipal treasurer are remitted to the county treasurer, current law requires the municipal treasurer to obtain a tax collection bond of up to \$250,000, unless the municipality enacts an ordinance under which it assumes liability for payment of taxes. Under the bill, if a municipality requires its treasurer to have an official bond and the municipality does not have an ordinance assuming liability for taxes, the treasurer would have to execute a tax collection bond as under current law. However, if a municipality does not require its treasurer to have an official bond, the municipality is required to enact an ordinance assuming liability for taxes.

The fiscal effect of this provision is the decrease in costs of tax collection bonds for municipalities that enact an ordinance assuming liability for taxes. Based on discussions with the Wisconsin Towns Association, the League of Wisconsin Municipalities and bonding companies, about half of municipalities buy tax collection bonds, and about half have enacted an ordinance under which they assume liability for remitting taxes to the county treasurer. According to bonding companies, a tax collection bond costs about \$150-200 per year. Assuming a tax collection bond costs \$175 on average and assuming 925 (50% x 1,850) additional municipalities enact ordinances instead of purchasing a tax collection bond, municipal costs would decrease about \$160,000 ($\175×925) per year under the bill.

Summary of Fiscal Effect. Under the bill, statewide expenditures for tax collection bonds may decrease up to an estimated \$160,000 per year and statewide expenditures for official bonds may decrease up to an estimated \$243,000 per year for a total statewide decrease up to about \$403,000 per year.

YBB 5/26/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$ _____	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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