

FISCAL ESTIMATE

DOA-2048 N(R 10/98)

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

List both LRB No. and Bill/Adm. Rule No. AB 578
Amendment No. (If Applicable)

Subject

Telemarketing

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
- Decrease Costs

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

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 Unit Affected:  
 Towns  Villages  Cities  
 Counties  Others \_\_\_\_\_  
 School Districts  WTCS Districts

Fund Source Affected

- GPR  FED  PRO  PRS  SEG  SEG-S

Affected Ch. 20 Appropriations 20.115(1)(jr) (1)(a)

Assumptions Used in Arriving at Fiscal Estimate

This bill directs DATCP to develop systems to register residential customers who do not wish to be called by telemarketers and, register telemarketers who wish to solicit Wisconsin residents. It also requires DATCP to investigate and seek penalties against violators most of whom are located outside of Wisconsin.

Currently, telemarketing is number eight on the list of most frequent consumer complaints received by DATCP. Department rules, Chapter ATCP 127, Wis. Admin. Code, enacted in August 1999 prohibits a telemarketer from soliciting a consumer who has asked the telemarketer to place them on a "do not call" list. The rules also require a telemarketer to maintain systems for ensuring consumers on this list are not called. There has not been enough time since enactment of these rules to determine if they are effective in providing consumers relief from unwanted calls.

Stopping unwanted telemarketing solicitations is one of the most frequently raised issues when Consumer Protection staff talks to consumers. Based on experience, and the Department projects that a majority of Wisconsin households will register under this new law. In order to ensure the validity of the list as the population moves and changes phone numbers, registration will have to be renewed frequently. Florida has a similar program and reports that 75,000 records had to be added or updated last quarter and nearly 8 FTE positions in their program were involved in simply producing and maintaining their list during the quarter.

The Department assumes consumer registration will be made available through a toll-free telephone system as well as on-line forms on the Department's Internet site. The Department will also require significant technological support to create and maintain registrations of this magnitude. Because these systems will have to be created and populated with consumer information before telemarketers could be registered and fees collected, the Department estimates a one time workload of 12,000 hours and one time associated technology costs will be necessary prior to registration fees are available to support enforcement and administration of this law. To accomplish this, the Department will require 12 limited term positions for initial creation of the list and 5.5 FTE positions for continued list production.

Complaints regarding telemarketing will double to approximately 1000 per year. The Department estimates 100 complaints per year will require assignment to investigative staff for detailed investigation. Typically, these investigations will involve multiple victims and multiple jurisdictions. The Department will require 3.0 FTE

investigators for enforcement activities.

The Department estimates this additional annual workload administer and enforce the law will also require 1.0 FTE consumer complaint supervisor.

Based on these assumptions, the department estimates there will be a one-time cost of \$390,200 in year 1 for rule writing and technological setup, and a one-time cost of \$163,800 to populate the list before registration of telemarketers can commence for a total one-time cost of \$554,000. Ongoing annual costs of \$385,300 would be offset through license fees.

**Long - Range Fiscal Implications**

Registration fees paid by telemarketing firms will offset the annual cost. Currently other states report their registrations generate approximately \$100,000 annual revenue. The Department assumes \$150,000 in registration fees and \$235,300 in general revenue will be necessary to support this bill.

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

Jim Rabbitt 608/224-4965

DATCP

Authorized Signature/Telephone No.

*Barbara Knapp*

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Date

11/30/99

**FISCAL ESTIMATE WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No/Adm. Rule No.	Amendment No.
<b>AB 578</b>	

Subject

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

\$Yr. 1 \$390,200 / Yr. 2 \$163,800 Total \$554,000 (Computer, Network, Programming, Workstations, LTE Positions)

II. Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>	<b>\$316,900.00</b>	
State Operations - Salaries and Fringes		
(FTE Position Changes)	9.5	(- FTE)
State Operations - Other Costs	<b>\$68,400</b>	
Local Assistance		
Aids to Individuals and Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$385,300.00</b>	
<b>B. State Costs by Source of Funds</b>	Increased Costs	Decreased Costs
GPR	<b>\$235,300</b>	
FED		
PRO/PRS	<b>\$150,000</b>	
SEG/SEG-S		
<b>III. State Revenues</b>	Increased Rev.	Decreased Rev.
<small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small>		
GPR Taxes		
GPR Earned		
FED		
PRO/PRS	<b>\$150,000</b>	
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$150,000</b>	

**NET ANNUALIZED FISCAL IMPACT**  
STATE

LOCAL

NET CHANGE IN COSTS

\$385,300

NET CHANGE IN REVENUES

\$150,000

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