



**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS
FISCAL ESTIMATE
SENATE BILL 230**

METHOD & ASSUMPTIONS

The bill establishes a state emergency management fund, to be used for various purposes described in the bill, by levying an annual fee on each motor vehicle, residential, and commercial property insurance policy issued or delivered in this state. The agency was unable to locate any reliable source of data that indicates how many policies are issued annually that would be subject to the fee. As a result, the estimate was based on the number of vehicles or properties that could potentially be covered by an insurance policy that would be subject to the fee.

Motor Vehicles

According to the Department of Transportation's Bureau of Vehicle Services, there were 4,523,100 registered vehicles in Wisconsin as of July 1, 1999, in various categories ranging from automobiles to camping trailers. The department also indicated that accident reports consistently indicate that one in every ten drivers involved in an accident is uninsured, although this could overstate the actual average because the worst drivers would incur the highest cost per policy and therefore may elect not to purchase coverage. The major question is whether or not multiple vehicles are covered under a single policy. Presumably, most commercially owned vehicles would be covered on a blanket policy. Company practices regarding privately owned vehicles differ. The largest issuer of vehicle insurance policies in the state, American Family Insurance, issues a separate policy for each vehicle, but not all insurers do. With these factors in mind, the department assumed that the number of policies issued would be approximately 70% of the vehicles registered in the state.

Residential Properties

According to the Department of Administration's Demographic Services estimate for 1999, there are 2,329,993 housing units in Wisconsin, 1,377,469 of which are owner occupied on a full time basis. There are an additional 687,698 non-owner occupied units, and the balance are either vacant or for seasonal, recreational or occasional use. Again, no data is available on the number of policies actually issued. However, most mortgage lenders require insurance coverage on properties in which they have an interest, and most mortgages are issued for a property with a distinct legal description. In addition, homeowners insurance is relatively inexpensive in relation to the value of the property covered. For non-owner occupied units, it is conceivable that both the owner and the occupant could carry property insurance that would be subject to the fee. As a result of these factors, the department assumed that the number of policies issued would be approximately 90% of the housing units in the state.

Commercial and Business Properties:

The 1996 Survey of County Business Patterns indicate that there were 135,153 commercial "establishments" in Wisconsin at that time, in various categories ranging from retail trade to mining and mineral extraction. In addition, the 1997 Census of Agriculture estimated that there are 65,602 farms, which would presumably be considered a commercial property under the bill. Again, no data is available on the number of commercial policies actually issued. By definition, the owners of commercial and business properties have an economic interest in the continued viability of these establishments, so it is presumed that most are insured in some manner. However, it is unknown how many establishments may be owned by the same entity and covered under a blanket policy of some kind. As a result of these factors, the department assumed that the number of policies issued would be approximately 95% of the number of commercial establishments in the state.

WISCONSIN DEPARTMENT OF MILITARY AFFAIRS
 DETAIL OF FISCAL ESTIMATE FOR LRB DRAFT 1320/3
 IDENTIFICATION OF POTENTIAL FEE PAYERS AND ESTIMATE OF AVAILABLE REVENUE

CATEGORY	SUBTOTAL	CATEGORY TOTAL	FEE PER BILL	EST % YIELD	ESTIMATED REVENUES	SOURCE OF DATA
POTENTIAL SOURCES OF REVENUES:						
Motor Vehicle Registrations:						
Automobiles	2,396,072					DOT Bureau of Vehicle Svcs, July 1999
Trucks	1,726,910					DOT Bureau of Vehicle Svcs, July 1999
Motorcycles	171,833					DOT Bureau of Vehicle Svcs, July 1999
Mopeds	20,300					DOT Bureau of Vehicle Svcs, July 1999
Motorhomes	24,056					DOT Bureau of Vehicle Svcs, July 1999
Mobilehomes	38,260					DOT Bureau of Vehicle Svcs, July 1999
School Buses	11,239					DOT Bureau of Vehicle Svcs, July 1999
Truck Tractor	8,395					DOT Bureau of Vehicle Svcs, July 1999
Semi-Trailers	124,412					DOT Bureau of Vehicle Svcs, July 1999
Camping Trailers	1,623	4,523,100	1.00	70.00%	3,166,200	
Residential Properties:						
Owner-Occupied Properties	1,377,469					DOA Demographic Services estimate for 1999, distributed to category in proportion to actual results reported for the 1990 Census.
Non-owner Occupied	687,698					
Seasonal, Recreational or Occasional Use	170,695					
Vacant Properties	94,131	2,329,993	4.00	90.00%	8,388,000	US Dept. of Commerce, Census Bureau
Commercial & Business Properties:						
Farms	65,602					1997 Census of Agriculture, USDA
Agricultural Services, Forestry and Fishing	2,126					1996 County Business Patterns, Census Bureau
Mining/Mineral Extraction	175					1996 County Business Patterns, Census Bureau
Construction	15,164					1996 County Business Patterns, Census Bureau
Manufacturing	10,733					1996 County Business Patterns, Census Bureau
Transportation & Public Utilities	7,165					1996 County Business Patterns, Census Bureau
Wholesale Trade	9,889					1996 County Business Patterns, Census Bureau
Retail Trade	32,372					1996 County Business Patterns, Census Bureau
Finance, Insurance, and Real Estate	12,205					1996 County Business Patterns, Census Bureau
Service Industries	45,324	200,755	6.00	95.00%	1,144,300	1996 County Business Patterns, Census Bureau
Estimated Revenues					12,698,500	

PREPARED BY:
 Steven L. Bendrick
 Budget Fiscal Officer
 Wis. Dept of Military Affairs

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FISCAL ESTIMATE:
 LRB 1320/3

**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS
 DETAIL OF FISCAL ESTIMATE FOR LRB DRAFT 1320/3
 IDENTIFICATION OF POTENTIAL FEE PAYERS AND ESTIMATE OF AVAILABLE REVENUE**

APPROPRIATIONS MADE IN THE BILL:	STATUTE	PERCENT OF COLLECTIONS	EST ANNUAL APPROPRIATION	COMMENT
Emergency Management & disaster assistance	20.465(3)(h)			
Emergency management; non-federally declared disasters	20.465(3)(hc)	35.00%	4,444,500	As prescribed by bill
Emergency management; county emergency management	20.465(3)(he)	25.00%	3,174,600	As prescribed by bill (*)
Emergency management; statewide warnings & communications	20.465(3)(hg)	10.00%	1,269,900	As prescribed by bill
Emergency management; state emergency programs	20.465(3)(hi)	25.00%	3,174,600	As prescribed by bill
Emergency management; collection of fees	20.465(3)(hk)	5.00%	634,900	As prescribed by bill
Transfer to Department of Revenue		3.00%	381,000	60% of collections appropriation
Transfer to Office of Commissioner of Insurance		1.00%	127,000	20% of collections appropriation
Transfer to Insurers		1.00%	127,000	20% of collections appropriation
Estimated Annual Appropriations Under the Bill			12,698,500	Difference due to Rounding
Note:				
The bill mandates the following payments to counties from the appropriation under 20.465(3)(he), assuming that the county meets the requirements for having a position solely dedicated to county emergency management functions, and maintaining current fiscal level of effort in behalf of emergency management programs:				
	# COUNTIES	PAYMENT	COST	
Counties with populations less than 30,000	31	20,000	620,000	
Counties with population of 30,000 or more	41	35,000	1,435,000	
Total Mandated Payments to Counties			2,055,000	

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FISCAL ESTIMATE:
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FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R 10/94)

ORIGINAL
CORRECTED UPDATED
SUPPLEMENTAL

LRB or Bill No
SB 230

Subject

FEE REVENUE FUNDING FOR EMERGENCY MANAGEMENT PROGRAMS

I. One Time Costs or Revenue Impacts for State and/or Local Government (not included in annual cost)
Counties would be required to continue their current levels of expenditures in support of emergency management programs (the lower of the previous years expenditure or that of the last three years) That currently represents a continuing local commitment of \$3,051,000 across all counties)

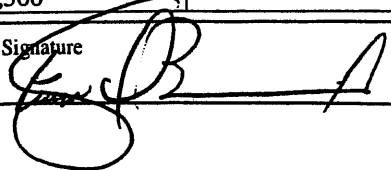
II. Annualized Costs **Annualized Fiscal Impact**

A. State Costs by Category	Increased Costs	Decreased Costs
State Operations – Salaries and Fringes		
(FTE Position Changes)		
State Operations- Other Costs	3,809,500	
Local Assistance	8,889,000	
Aids to Individual and Organizations		
TOTAL – State Costs by Category	12,698,500	
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR		
FED		
PRO/PRS	12,698,500	
SEG/SEG-S		
III. State Revenues	Increased Revs	Decreased Revs
GPR Taxes		
GPR Earned		
FED		
PRO/PRS	12,698,500	
SEG/SEG-S		
TOTAL State Revenues		

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	12,698,500	0
NET CHANGE IN REVENUE	12,698,500	

Agency/Prepared By:
Steven L. Bendrick, Military Affairs, 242-3155

Signature


Date:
9/30/99