

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # --1320/3
INTRODUCTION # SB 230
Admin. Rule #

Subject
Collect Fees to Fund Emergency Management Services

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

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

- Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No
 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 _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.465(3)(h), (hc), (he), (hg), (hi) and (hk); 20.566(1)(a)

Assumptions Used in Arriving at Fiscal Estimate:

The bill would require insurance companies to collect annual fees from policy holders to fund emergency management services. Under the bill, the following fees would be assessed on policies issued or delivered in Wisconsin:

- \$1 for each motor vehicle insurance policy,
- \$4 for each residential property insurance policy, and
- \$6 for each commercial or business property insurance policy.

These fees would be sent to the Department of Revenue for deposit into the state treasury.

The bill requires the Department of Revenue to administer, audit and enforce the assessment and collection of the fees. The Commissioner of Insurance would be required to cooperate with, and upon request, provide the Department of Revenue with information necessary to supervise, audit and enforce the fee assessments.

The Secretary of Administration would be required to annually transfer the moneys received by the state treasurer from the collection of emergency management fees to appropriations as follows:

- 35% to assist individuals and local governments if federal disaster relief is not available and disaster-related losses are not covered by insurance,
- 25% for county and local emergency management planning, training and exercises to enhance emergency management capabilities,
- 10% for the development and management of statewide emergency warnings and communications systems,
- 25% for state emergency management planning, training and exercise programs, and
- 5% for administrative expenses related to collection of fees.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Pamela Walgren, (608) 266-7817	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 10/6/99
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The Division of Emergency Management may annually reimburse the Department of Revenue, the Office of the Commissioner of Insurance and insurers for costs associated with collection of the fee. The Department of Revenue may be reimbursed an amount not to exceed 60% of the amount in the appropriation, OCI may be reimbursed up to 20% of the amount in the appropriation, and insurers may receive up to 20% for their costs related to the fees.

Fiscal Effect

It is estimated that the fee would produce \$10.3 million in revenue annually: \$3.5 million from motor vehicle policies, \$5.6 million from residential property policies and \$1.2 million from commercial and business policies.

Motor Vehicle Policy Fee. Based on information from the Department of Transportation, the Office of the Commissioner of Insurance, and the Insurance Information Institute, it is estimated that 3.5 million motor vehicles would be assessed a \$1 fee under the bill.

Residential Property Policy Fee. Based on information from the Insurance Information Institute on the percent of homeowners and renters that carry property insurance and from the U.S. Census Bureau on the number of housing units, it is estimated that 1.4 million residential property insurance policies would be assessed the \$4 fee, for a total of \$5.6 million.

Commercial Property Policy Fee. Using Department of Revenue and U.S. Census Bureau data, it is estimated that approximately 200,000 businesses would be assessed the \$6 policy fee, for a total fiscal effect of \$1.2 million.

Based on the estimate of fees, \$515,000 would be transferred to the appropriation for administrative expenses. If the Department of Revenue were reimbursed 60% of that amount, it would receive \$309,000 for its administration, audit and enforcement costs. The Department estimates that it would have one-time programming costs of \$146,400, and ongoing costs of \$55,200.

The Department would incur the costs prior to any reimbursement. No provision is made for funding those costs before the annual reimbursement.

YEB 10/6/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Collect Fees to Fund Emergency Management Services

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

One-time costs of \$146,400

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$ 49,400	\$ -
(FTE Position Changes)	(1.0 FTE)	(- FTE)
State Operations-Other Costs	5,800	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 55,200	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 55,200	\$ -
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	\$ 10.3 million	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ 10.3 million	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ +55,200	\$
NET CHANGE IN REVENUES	\$ +10.3 million	\$

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