

**FISCAL ESTIMATE**

DOA-2048 N(R 10/98)

ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

List both LRB No. and  
 Bill/Adm. Rule No.  
 SB 267  
 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

Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues

Decrease Costs

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

LRB or Bill No/Adm. Rule No.

Amendment No.

DOA-2047 (R10/94)

CORRECTED

SUPPLEMENTAL

**SB 267**

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>		
State Operations - Salaries and Fringes	\$316,900.00	
(FTE Position Changes)	9.5	(- FTE)
State Operations - Other Costs	\$68,400	
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	\$235,300	
FED		
PRO/PRS	\$150,000	
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	\$150,000	
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	

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

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